



# ANNUAL FINANCIAL REPORT

## CORPORATE SOCIAL RESPONSIBILITY REPORT

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### 2020/21



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## A MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

The year 2020-21 was exceptional from a financial point of view, as Focus saw record-breaking earnings of €171M in the context of an extremely difficult public health situation. Our teams showed remarkable resilience, motivation and drive to continue delivering unique experiences for our players. The public health measures and the teleworking conditions put in place for our workers enabled us to maintain a high level

of performance, service and quality.

With more than 1 million copies sold in less than a month, SnowRunner was the highlight of the beginning of our year and continues to generate constant revenue. Due to the global health context, there were fewer new releases during this financial year, but Focus and its partners continued to release titles such as Othercide, HardSpace: Shipbreaker (Early Access), MudRunner Mobile, Shady Part of Me and Curse of the Dead Gods. These games were all praised by the media and players, demonstrating once again the high quality of the Focus team and its studios. The back catalogue, up by 63%, represents a large share of the revenues for 2020-21. Flagship licenses such as World War Z and Farming Simulator benefited from new content, thereby extending the gaming experience and generating recurring revenue. The coming year will be full of new releases (Hood: Outlaws & Legends, Evil West, Alien: Fireteam Elite, Insurgency on consoles, etc.) and new, ambitious partnerships that have been announced. We are moreover thrilled to have unveiled a worldwide exclusive with A Plague Tale: Requiem at the Microsoft E3 2021 Conference that was broadcast worldwide in early June 2021.

Structurally, one of the year's highlights came during summer 2020, with the acquisition of Deck13, one of Focus' historical partners (The Surge) and the first development studio to join the Group. The acquisition was followed by the arrival of FLCP & Associés as majority shareholder through Neology Holding, its holding company, following the acquisition of Nabuboto and Innelec Multimedia's shares. This was a starting point for strengthening the structure of the Group, with a change in governance - Fabrice Larue was appointed Chairman of the Supervisory Board, myself Christophe Nobileau, now responsible for and having the honour of being appointed Chairman of the Management Board of Focus, and John Bert becoming Deputy Managing Director.

The goal of this structural strengthening was to enable the creation of a strong Group, combining talents over the chain of creation and overall development of a title through its marketing worldwide. For that, we continue to strengthen our know-how and our high-level publishing services, and we wish to add talent and studios with exceptional vision to this ambitious Group, to maximize value creation, secure and operate our brands from every angle. To this end, a new partner studio joined the Group in April 2021 - Streum On Studio, a historical partner of Focus, whose recently released title Necromunda: Hired Gun was met with extremely positive reviews and strong sales. With a subsidiary of Deck13 that had just opened in Montréal, we will soon be able to announce the addition of new studios and new strategies to diversify the Group's activities and revenue streams.

Christophe Nobileau, Chairman of the Management Board of Focus Home Interactive

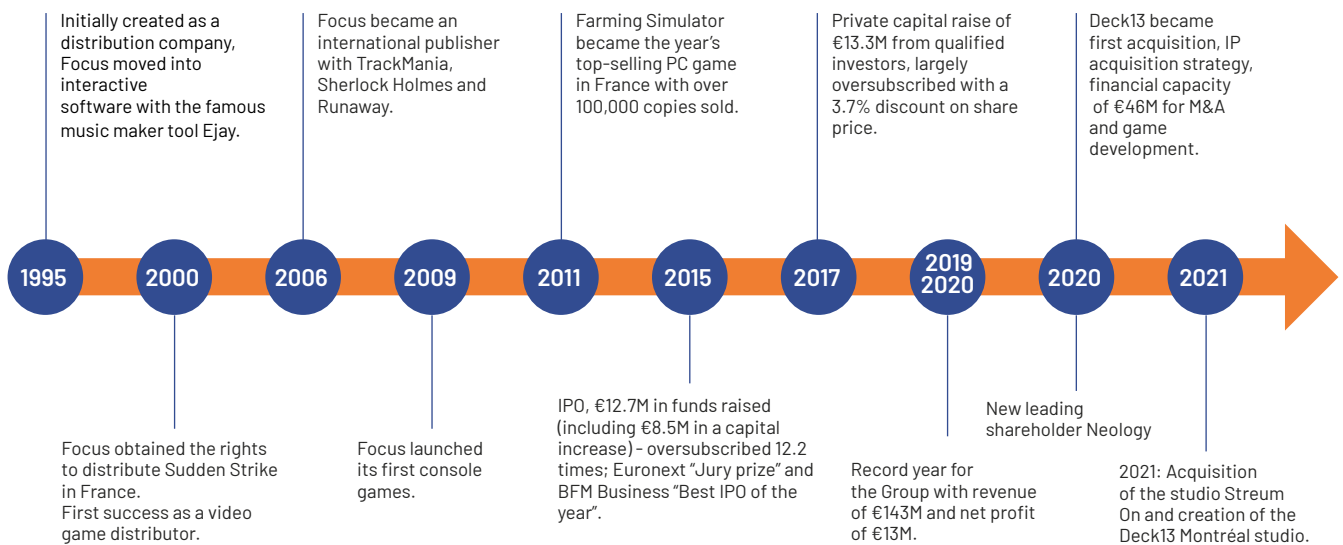


## FOCUS IS A EUROPEAN LEADER IN VIDEO GAME PUBLISHING AND DEVELOPMENT.

Our objective is to offer unique experiences to players throughout the world.

Our editorial line is unique due to innovative concepts that extend beyond the bounds of video games. With 20 years of know-how, we bring together talented individuals and game creators, to whom we offer top-level services, provided by publishing experts.

We support innovative projects without compromising on quality, with investments ranging from participation in financing new games through the partial or complete integration of a studio. Our developer partners become part of a strong Group that develops successful franchises (A Plague Tale, Farming Simulator, SnowRunner, etc.), able to distribute their title worldwide.

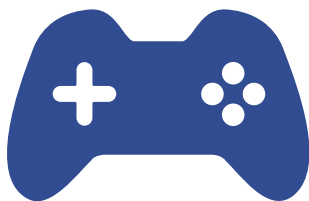


## SUPPORT FOR CREATIVE FREEDOM

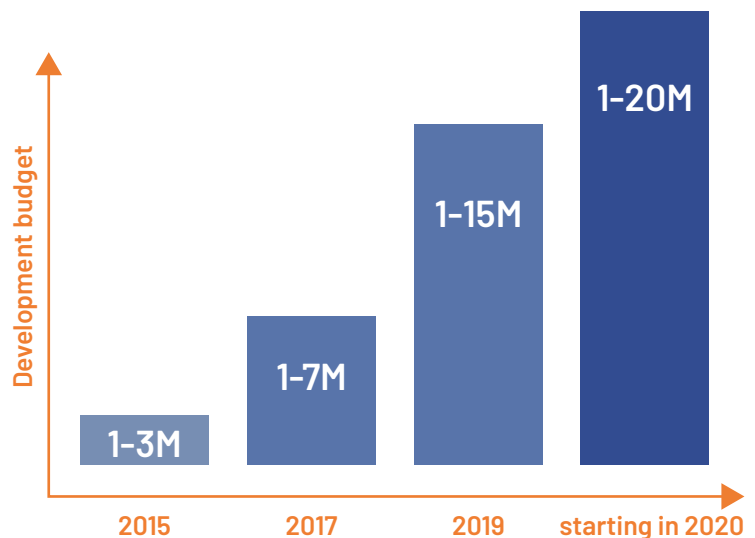
Focus' editorial line is unique because we create truly original experiences that are also respectful of our players.

Our catalogue is composed of a variety of titles in all genres (action, simulation, RPG, strategy, etc.). Whether it is a young "Indie" studio, or a studio composed of industry veterans, our developer partners share a strong vision: the desire to create games and franchises with unique content and strong commercial potential. Our games are designed for all types of players, everywhere in the world, of all ages, genders, origins and cultures. Creativity, for everyone's pleasure.

## ENHANCE CONTENT QUALITY



- Greater production quality to offer top-tier AA video games.
- Solid content is essential and generates revenue through all distribution channels and available platforms on the market.



## AN OUTSTANDING EDITORIAL LINE

Our editorial line is distinguished by innovative concepts.

Focus is sensitive to emerging artistic movements that show new tendencies, new gameplays, as well as concepts and projects that do not yet exist and deserve to be offered to players throughout the world. We seek studios offering unique titles, with special attention to quality.

### A PLAGUE TALE

The saga developed by Asobo Studio is now legendary.  
The first episode, "Innocence", sold nearly 2 million copies, and a follow-up entitled "Requiem" is planned for 2022.



This narrative role-playing game from French studio DontNod has captured the minds of the press and gamers around the world, selling over one million copies.



The second instalment of the classic off-road franchise with more than two million games sold to date.



The franchise developed by Deck13, with an innovative and demanding fighting system that won over more than two million players.

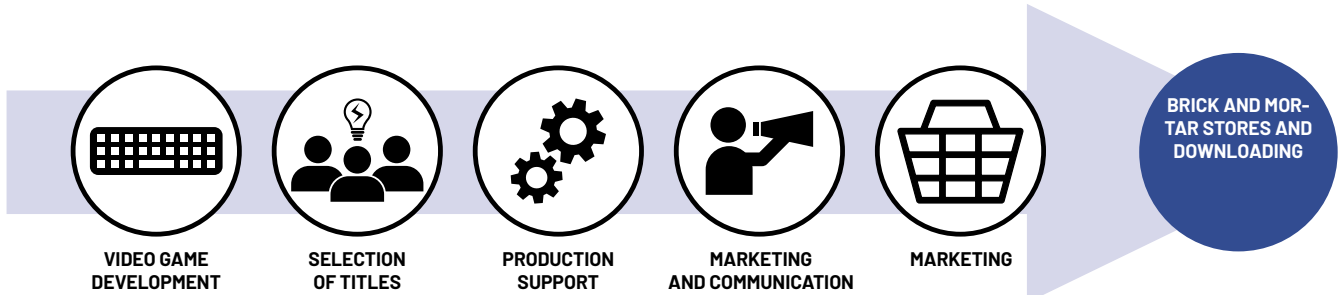
## TRANSFORMING NICHE CONCEPTS INTO WORLDWIDE SUCCESSES

Our catalogue is "genre- and trend-agnostic".

We do not seek special types of games to fill our catalogue, but rather titles supported by a creative vision and talented developers. Each day we demonstrate our capacity to transform niche concepts into worldwide successes. We do not let market trends dictate our editorial choices. Our standards are built on quality and originality.

## A FEDERATION OF TALENT

Focus unites talent over the entire chain of creation and development of a game, all the way to its sale worldwide.



We support our developer partners with their vision, we take part in the financing of a project, or we invest in the studios by acquiring a majority stake. We aim to integrate talent and studios with a unique vision, in a strong and ambitious Group, to maximize value creation, and secure and operate our brands over the entire spectrum. We commit to unite and develop our talent within this shared vision. We form virtuous circle in which passionate individuals create synergies that enable Focus to innovate, adapt, and anticipate the trends of a constantly changing video game market.

Our customers:

SONY

Microsoft

Nintendo

Google

amazon

And many others!

## Network of partners seeking Focus' expertise





## OUR INTEGRATED STUDIOS

### DECK 13 INTERACTIVE

Deck13 is a leading game developer and a long-time partner of Focus Home Interactive. With a studio in Germany and another one in Canada, Deck13 employs a team of 60 highly qualified persons who have developed more than 20 games in the 18 last years, including the successful title Lords of the Fallen.

Deck13 has already produced major titles in partnership with Focus Home Interactive, such as the franchise The Surge, and is now developing a new, ambitious and spectacular game to be released on game consoles and PCs in 2022. Deck13 also owns the company Spotlight that has already launched and published several indie gems including CrossCode.

### STREUM ON STUDIO

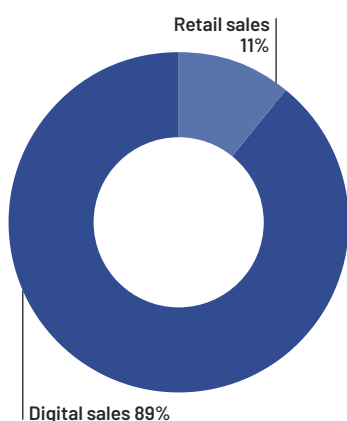
With a team of about 20 talented workers, Streum On Studio has specialised in shooting games since its foundation in 2007 and is owner of the E.Y.E. game franchise. Divine Cybermancy was an immediate hit with players as soon as it was released.

Streum On Studio developed the emblematic game Space Hulk: Deathwing for Focus Home Interactive, which sold nearly 1 million copies. The studio is currently working on Necromunda: Hired Gun, an action game featuring one of the flagship licenses of the Warhammer 40,000 universe.

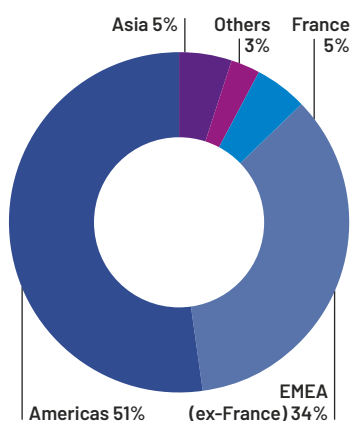
## EXPERTISE AND INNOVATION

Focus has more than 20 years of expertise in publishing video games: production monitoring, communication, marketing and worldwide commercialisation over all distribution channels.

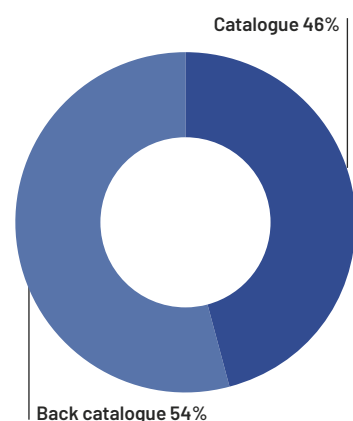
**Breakdown of revenue by distribution channel**



**Breakdown of revenue by geography**

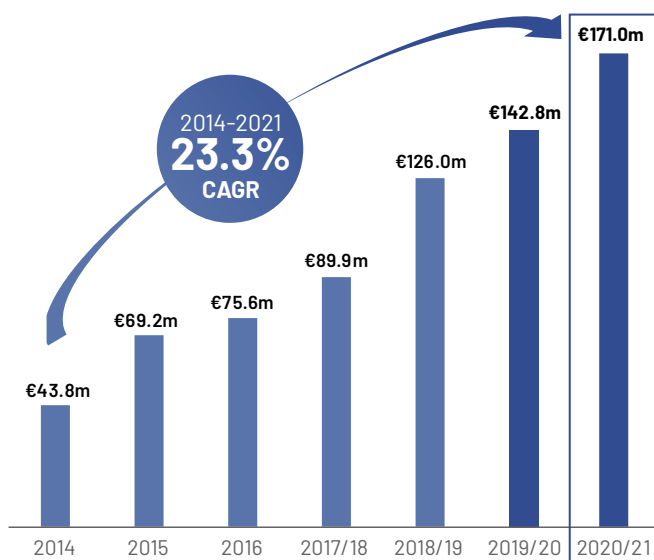


**Breakdown of revenue by catalogue**

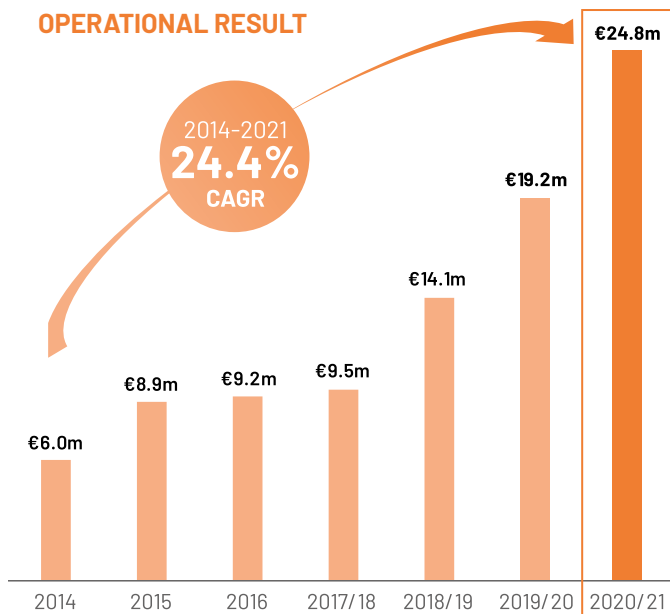


Our partner studios benefit from top-level publishing know-how that serves their unique creative visions. At each step in the creation process, our talent places quality at the heart of their concerns, with the aim of giving unique and innovative franchises a mass-market reach (A Plague Tale, Vampyr, Farming Simulator, SnowRunner, etc.).

### REVENUE



### OPERATIONAL RESULT





**FOCUS HOME INTERACTIVE**  
**Public limited company with Management Board and Supervisory Board**  
**With share capital of €7,700,442**  
**Parc de Flandre "Le Beauvaisis" - Bâtiment 28**  
**11, Rue de Cambrai - 75019 Paris**  
**RCS Paris 399 856 277**

**Declaration by the person responsible**

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance to the applicable accounting principles and give a true and fair presentation of the assets, liabilities, financial position and financial income of the company and all companies within the scope of consolidation, and that the management report presents a fair review of the business performance, financial income and financial position of the company and all companies within the scope of consolidation as well as a description of the main risks and uncertainties of the companies.

Paris, 15 July 2021



Christophe Nobileau  
Management Board chairman





**MANAGEMENT BOARD'S REPORT TO THE ANNUAL GENERAL  
MEETING OF 23 September 2021**



# MANAGEMENT BOARD'S REPORT TO THE ANNUAL GENERAL MEETING OF 23 September 2021

23 June 2021,

Ladies and gentlemen. Dear shareholders,

We have called an Annual General Meeting in accordance with the articles of association and the law on trading companies so that we may report on the activity of Focus Home Interactive (hereinafter, the "Company", and with its US subsidiary and its German subsidiary Deck 13, together referred to as the "Group") for the year ended 31 March 2021, and on the results of the activity and its business prospects, and to submit the annual and consolidated financial statements for your approval.

The legally required summons will be duly sent to you, and all documents and other information prescribed by the applicable law will be made available to you within the time allowed.

## I. BUSINESS OF THE COMPANY AND SUBSIDIARY

### 1. 1. General presentation of Focus Home Interactive's business

Founded in 1995, Focus Home Interactive is a French video game publisher that aims to produce and distribute successful original video games across the globe on all platforms.

Focus Home Interactive supports game developers in the production of games and ensures the proper publicity and marketing of those games by relying on the distribution networks of its partners, i.e. the wholesale

and retail networks for the physical distribution channel and the download platforms for online distributions.

Focus Home Interactive has sought and succeeded in establishing a durable ecosystem of partner studios around the world. The Company has also cultivated talented individuals who have proved their potential over the years through increasingly ambitious AA games.

### 1. 2. Key events over the year

#### 1.2.1. Finances

For the year ended 31 March 2021, Focus Home Interactive recorded a 20% increase in its revenue, standing at €171M, compared with the €142.8M over the previous twelve-month period.

The revenue for the 2020/21 financial period draws largely on the success of new titles such as "SnowRunner", "Hardspace: Shipbreaker" and "Curse of the Dead Gods", as well as the very strong performance of the back catalogue, which benefited from a fantastic portfolio of successful games such as "Farming Simulator", "WWZ", "A Plague Tale: Innocence", "Greedfall" as well as from the strong performance of digital business activities during the health crisis.

With regard to operational profitability, the gross profit came to €51M, a growth of 16% compared with the previous year's gross profit of €44M. The gross margin for the year was 30% compared with 31% the year before.

The operating profit grew 29% to €24.8M. It had been €19.2M for the year ended 31 March 2020.

After taking into account a financial loss of €1.7M, an extraordinary loss of €3.0M and a corporate tax charge of €6.8M, the net profit for the year is €13.3M, compared with the previous year's profit of €13M.

Company assets rose from €89.8M on 31 March 2020 to €119.2M on 31 March 2021. Meanwhile, equity grew from €54.7M on 31 March 2020 to €68.5M on 31 March 2021.

Net intangible assets increased by €19.4M compared to the financial period ended 31 March 2020 due to the change in accounting method.

The Group held a net cash position of €7M on 31 March 2021.

**External growth**

On 23 June 2020, the Group finalised its acquisition of 100% of the share capital of the German company Deck13 Interactive GmbH ("Deck13")<sup>1</sup>.

Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition involved a total cost of €7.1M (of which €6.5M in cash from a new bank financing facility<sup>2</sup> and €600K in the Company's treasury stock) combined with a long-term incentive

plan for the managers as described in section 3.10 of the consolidated financial statements. The shares to be delivered at the end of the vesting period will be issued from a capital increase.

Deck 13 became the first studio to be fully brought into the Group on 1 July 2020.

The impact of Deck13 on the financial statements as of 31 March 2021 was immaterial so no comparative information is presented.

**Establishment of a new free share distribution plan and reallocation of treasury stock**

On 17 December 2020, the Company announced the establishment of a free share allotment plan for the four members of the Executive Committee, which would be linked to performance. In accordance with the 10<sup>th</sup> resolution of the Ordinary and Extraordinary General Meeting of 22 September 2020 authorising the issue of a maximum of 200,000 free shares, Focus Home Interactive's Supervisory Board authorised the Group's Management Board to establish a performance-based free share allotment plan.

The first beneficiaries of the plan are the following three Management Board members: John Bert (Chief Operations Director), Luc Heninger (Chief Production Officer) and Thomas Barrau (Chief Marketing Officer). The newly issued shares will be acquired by the beneficiaries over a four-year period, on the condition that the beneficiary remain with the Group and achieve specific performance goals. Moreover, these members of the Management Board made a commitment to retain any ordinary shares currently held for a period of between four and six years.

On 26 January 2021, the Supervisory Board of Focus Home Interactive authorised the Management Board of the Group to put in place a free performance share plan involving the allotment of a maximum of 75,375 shares for the 35 key managers of the Company, in compliance with the authorisation to allot a maximum of 200,000 shares that was approved by the Ordinary and Extraordinary General Meeting of 22 September 2020.

The Management Board, acting on the power delegated by the General Meeting, also reallocated 20,000 treasury shares, representing a portion of the shares acquired under the stock buyback programme of Focus Home Interactive. The original intention was to retain these shares for later use as payment for any external growth transactions. They will now be earmarked for the implementation of plans involving stock options, warrants, free shares and employee shareholding operations reserved for members of a company savings plan, in accordance with current legal provisions, or the transfer of shares to the employees and/or managing executives of the Company and of the companies that are linked to it.

**Implementation of a stock buyback programme**

Having received the prior authorisation of the Supervisory Board, the Company's Management Board met on 20 January 2021 to implement a stock buyback programme based on Resolution Nine of the Ordinary and Extraordinary General Meeting of 22 September 2020. On the basis of the authorisation, the Board entrusted the buyback of the Company's shares to an investment services provider. This investment services provider is permitted to buy a total number of 250,000 shares on any dates it deems appropriate and under the price conditions set out by said General Meeting. The programme will expire on 21 March 2022. Section IV.7 of this report contains further details on the transactions performed as part of this stock buyback programme.

For sake of clarity, this decision does not affect the execution of the liquidity contract signed between the Group and Bourse Gilbert Dupont.

As of 31 March 2021, Focus Home Interactive had bought back 127,753 of its shares under its buyback programmes (including 11,809 shares purchased under the 20 January 2021 programme). A year ago, the number of shares bought back was 151,759. Share sales also occurred during the financial period involving 36,015 shares, of which 27,099 were used to acquire the company Deck 13 Interactive, to pay for a portion of the company's shares and 8,916 were distributed to employees of the company Focus Home Interactive as part of an incentive plan including a free share plan.

<sup>1</sup> See the press release issued on 25 June 2020, available on the Company's website.

<sup>2</sup> As part of its development and acquisition strategy, Focus Home Interactive received a total of €46M in financing from five banking establishments and BPI France Financement in early February 2020. For more details, see section 1.2.1 of the Company's 2019-2020 annual report.



### **Deposits, sureties and guarantees**

At its meeting on 23 June 2020, the Management Board authorised its chairman to give, in the name of the Company, any deposits, sureties or guarantees up to a limit of €23.5 million to bank institutes, subject to the condition precedent of the Company signing the share purchase agreement with Deck13 Interactive.

### **End of URSSAF audit**

On 26 December 2019, the Group was notified of an audit covering the years 2017 and 2018 being opened by the URSSAF (French social security agency) for the end of January 2020. The audit ended on 20 November 2020 and resulted in an immaterial adjustment.

## **1.2.2. Legal issues**

### **Change of primary shareholders**

On 8 July 2020<sup>3</sup>, Nabuboto and Innelec Multimédia (Thébaud Group), primary shareholders of the Company, signed a contract in which they sold their entire holdings of 1,883,218 shares (35.48% of stock) to Neology Holding, a subsidiary of FLCP & Associés. Under the terms of the contract, Nabuboto reinvested €11.3 million in Neology Holding.

### **Change of governance – Composition of the Supervisory Board and Management Board**

#### **Supervisory Board**

At its meeting of 27 July 2020, the Company's Supervisory Board noted the resignations of Georges Fornay, Christian Tellier and Claire Wanctin. The Supervisory Board co-opted Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as new members of the Supervisory Board for Focus Home Interactive. Mr Larue was also appointed Supervisory Board Chairman, replacing Denis Thébaud who had resigned from the position. The Supervisory Board then comprised four members: the three members co-opted on the proposal of Neology Holding and Denis Thébaud. On 22 September 2020, the General Meeting of Shareholders ratified the appointment of Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as Supervisory Board members.

At its meeting on 24 September 2020, the Supervisory

Board co-opted Tiffany Lamy to be a member of the Supervisory Board to replace Christophe Nobileau, who resigned.

As of the date of this report, the Supervisory Board has the following members:

- Fabrice Larue – appointed on 27 July 2020 (Chairman of the Supervisory Board);
- Tiphane Lamy – appointed on 24 September 2020;
- Tanguy de Franclieu – appointed on 27 July 2020;
- Denis Thébaud – appointed on 6 January 2015;
- Louise Tingström was appointed on 16 April 2021; and
- Thaima Samman was appointed on 16 April 2021.

#### **Management Board**

At its meeting of 24 September 2020, the Supervisory Board noted the resignation of Jean-François Busnel from his position as Management Board member. Christophe Nobileau was appointed to replace Mr Busnel as a member of the Management Board, and he was also appointed Managing Director of the Company.

On 23 October 2020, Christophe Nobileau resigned from his position as Chief Executive Officer of the Company and was appointed Chairman of the Management Board to replace Jürgen Goeldner, who announced his resignation from his role as Chairman of the Management Board for personal reasons. He became Senior Advisor to the Management Board and has worked on the M&A strategy.

As of the date of this report, the Management Board has the following members:

- Christophe Nobileau was appointed Management Board member on 24 September 2020 and Chairman of the Management Board on 23 October 2020;
- John Bert – appointed on 1 January 2016.
- Luc Heninger – appointed on 1 January 2016; and
- Thomas Barrau – appointed on 29 June 2018.

<sup>3</sup> See the press release issued on 25 June 2020, available on the Company's website.

### **Executive Committee**

Starting 24 September 2020, an Executive Committee was put in place within the Company.

On 4 January 2021, John Bert was appointed Managing Director and, on 14 January 2021, the company announced Philippe Perthuis would be joining the Executive Committee in the role of Secretary General and Chief Business Model Officer.

At the date of this report, this committee was composed of the following:

- Christophe Nobileau – Chairman of the Management Board;

- John Bert – Deputy Managing Director and Management Board member;
- Luc Heninger – Chief Production Officer and Management Board member;
- Thomas Barrau – Chief Marketing Officer and Management Board member;
- Jean-François Busnel – Chief Financial Officer; and
- Philippe Perthuis, Secretary General and Chief Business Model Officer.

### **European Commission investigation**

The Company received a statement of objections from the European Commission in April 2019 as part of its investigation opened on 2 February 2017 in relation to agreements between Valve Corporation, owner of the video game distribution platform Steam, and five video game publishers including Focus Home Interactive.

The complaints essentially revolved around technical and contractual restrictions that would have allegedly limited the circulation of PC games in Europe.

On 9 November 2020, the Company announced<sup>4</sup> that

it was able to estimate the amount of the fine that was going to be imposed on it by the European Commission. This amount, corresponding to a maximum risk estimated at €3M, was entered in the financial statements at 30 September 2020 as a provision for liabilities.

On 20 January 2021, the Company was informed by the European Commission that it would be fined €2.9 million. As the provision for liabilities was no longer applicable, it was written back, and the fine was recognised as a payable at 31 March 2021.

### **1.2.3. Operations**

With more than 1 million copies sold in less than one month, SnowRunner, developed with the studio Saber, was the highlight of the beginning of 2020/21 year and continues to generate significant revenue with the regular contribution of additional content.

Due to the public health context, there were fewer new releases during this financial year. However, Focus Home Interactive and its partners continued to release titles such as Othercide, Hardspace: Shipbreaker (Early Access), MudRunner Mobile, Shady Part of Me

and Curse of the Dead Gods.

These games were all praised by the media and players, demonstrating once again the high quality of the Focus Home Interactive team and its partner studios. The back catalogue, up by 63%, was a major part of the revenue of this financial year. Flagship licenses such as World War Z, Farming Simulator and Insurgency: Sandstorm, all had new content, thereby extending the gaming experience and generating recurring revenue.

## **1.3. Important events since the close of the financial year**

### **Changes in the Group's governance**

Following the General Meeting of Shareholders of the Company of 16 April 2021, the composition of the Supervisory Board was amended to include two new independent members and thus balance the ratio of men and women among the members of the Supervisory Board.

### **External growth**

On 20 April 2021, the Group announced the acquisition of the majority of the shares comprising the capital of the company Streum On Studio, paid in cash and in Focus Home Interactive shares. Streum On Studio is a leading French game development studio and has been a strong partner of the Group since 2013.

Streum On Studio, with a team of approximately 20 talented employees, has specialised in shooting games since it was created in 2007 and is owner of the E.Y.E. game license. Divine Cybermancy was an immediate hit with players as soon as it was released.

<sup>4</sup> See the press release issued on 25 June 2020, available on the Company's website.

## Capital increase

By decision of the Chairman of the Management Board of the Company, using the sub-delegation granted to him by the Management Board at its meeting of 18 May 2021, pursuant to and within the limits of (i) the authorisation granted to the Management Board by the Supervisory Board and (ii) the delegation of authority granted by the tenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021, the Company issued 1,050,000 new ordinary shares, with a par value of €1.20 each, to categories of beneficiaries, in accordance with Article L. 225-138 of the French Commercial Code and the tenth resolution adopted by the Company's Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021.

This capital increase was carried out with elimination of the preferential subscription right for shareholders of the Company for a category of shareholders for an amount of €70.35M in an accelerated bookbuilding process.

## 1.4. Research and development

Focus Home Interactive does not have any research and development activities.

## 1.5. Principal risks and uncertainties for the Company and financial risk management

### 1.5.1. Risk associated with the coronavirus pandemic

The coronavirus outbreak in the first three months of 2020 led to a global health crisis and has exposed the Group to the risk of a slowdown in its businesses.

The Group immediately enacted the measures necessary to ensure the safety of its employees and commercial partners. During this extended period of uncertainty, the Group has sought to support employees and partners by rolling out technical and organisational solutions for working from home. Focus Home Interactive and its partner studios have taken all necessary measures to adapt to the circumstances and ensure the continuity of their activities.

However, the implementation of restrictive pandemic

control measures had a negative impact on the distribution of the Company's products, and prompts us to remain cautious. The digital strategy implemented by Focus Home Interactive has, however, enabled a speedy reallocation of resources to bolster sales.

Projects and development works are continuing with our partners. In spite of these precautions, the launch schedules of some games could still be delayed. The changing public health situation, along with legal and regulatory changes linked to the pandemic, could continue to disrupt the normal operation of our business and lead to new delays in the launch schedules of some games.

### 1.5.2. Risks associated with finding and retaining talent

The success of our Group depends heavily on the talent, skills and commitment of directors and key employees.

We believe that at least some of the tasks carried out by these key employees could be done by other employees, as necessary, after a period of adaptation and/or training. However, as the Group's success is linked to the past and present collaboration of its key employees, we cannot guarantee that their departure or unavailability, in whole or in part, would not have a significant adverse effect on our business, financial condition, results and growth outlook.

Focus Home Interactive will need to recruit new top-level employees for the development of its businesses. We compete with other companies, both in France and abroad, in the recruitment and retention of highly qualified technical staff. Our inability to attract these key personnel could prevent Focus Home Interactive from reaching our targets and, as a result, could have significant adverse effects on our business, financial position, results and growth outlook.

### 1.5.3. Risks causing postponements on a flagship game release

In a highly competitive market, the postponement of an anticipated game, regardless of the reasons, could have a significant deleterious effect on Focus Home Interactive's revenue, future results, financial position and growth.

For this reason, the Company has set a double objective of releasing quality, innovative games while respecting cost and time targets. Furthermore, thanks to its diversified catalogue of repeatedly successful games and the increasing strength of its back catalogue, the Company is not dependent on the success of a given flagship game every year.

### 1.5.4. Risks associated with dependency on console manufacturers

As part of the marketing of video games on different consoles, the Company must submit each game to the console manufacturer for various approval steps. Keeping abreast of all manufacturer requirements and the constant changes in the specifications of each console as technology advances, constitute a major challenge.

Although there is no technical restriction on games for the PC, Focus Home Interactive has imposed technical specifications similar to those required by console manufacturers so that PC games published by Focus Home Interactive are free, insofar as possible, from technical issues and offer the player a similar gaming experience regardless of the computer's configurations.

Like all console game publishers, the Company must produce games for retail distribution in the factories belonging to the principal console manufacturers

or external service providers endorsed by those manufacturers. As such, supply is subject to the prior approval of the manufacturers, the production of these physical units in sufficient quantities and the setting of royalty rates. Any change in sales conditions by the manufacturers could have a fairly significant adverse impact on the Company's results and the Group's financial position. For PC/Mac games, there is no such particular dependence.

Finally, Focus Home Interactive requires the authorisation of the console manufacturers (Sony, Nintendo or Microsoft) in order to be able to publish games on their respective consoles. The Company has obtained authorisations on all major consoles, which are valid for the operational period of the console. Therefore, the receipt of these authorisations is not a significant risk for Focus Home Interactive.

### 1.5.5. Risks associated with a possible commercial dependence

As of this day, we do not believe to be commercially dependent on any one customer or type of customer. This is explained by the diversity in our network of partner retail distributors located throughout the world and the diversification of our marketing channels for digital sales.

In relation to hardcopy distribution, Focus Home Interactive has an international network of approximately 50 distributors covering more than 80 territories. The distribution contracts are generally entered into for specific titles and for a term of up to two years. This offers us relative ease in changing distributor if there is a failure or lack of performance with any of them.

As protection against the risks of non-payment for the sale of physical products, the Group renewed a credit insurance policy with Euler Hermès to cover the majority

of the consolidated retail revenue for 2020-2021.

The ratio of trade receivables presenting a risk on collection was zero on both 31 March 2021 and 31 March 2020.

In relation to digital sales, the Company has both its own websites and a presence on the main video game download platforms.

Lastly, unlike its principal competitors, who launch their blockbuster games in the final quarter of the calendar year to take advantage of Christmas sales, the Company endeavours not to concentrate the release of its new titles over that same period in order to increase individual game visibility. Even if relatively pronounced sale peaks related to commercial success can be observed, the Group's sales are not skewed by seasonality.

### 1.5.6. Risks linked to a failure during the development process of a game

The Group's studios, Deck13 and Streum On Studio (majority of share capital acquired on 20 April 2021), may have difficulties in developing video games, in particular due to:

- the difficulty of accurately estimating the time required for development and testing;
- the requirements of the creative process;
- constraints in coordinating large development teams often located in several countries;
- the increasing technological complexity of the products and video game platforms;
- the desire for continuous improvement in the game's quality until it is released.

As such, it is possible that the Group would not have the capacity to generate the revenue that it envisions due to a failure in the game development process. Such a failure would have a negative impact on the Group's forecasts of its sales, profits, the financial position and the growth outlook.

### 1.5.7. Risks associated with video game regulations

Like any other game publisher, the Company must comply with national and European laws that apply notably to video game content and consumer protection. Failure to abide by these legal provisions and the possible repercussions, i.e. removal of a video game from the market or liability claims against the publisher, could have a more or less significant adverse impact on the sales, results, financial position and growth outlook of the Group.

## 1.5.8. Risks associated with intellectual property rights and licences

### Risks on the reconsideration of commercial rights within a territory

Where Focus Home Interactive is the rights holder of a video game, it has implemented a trademark protection policy based on the risks identified for the distribution territories, the nature of the video game and the prospects of future sales.

Other than trademark protection, numerous countries in which the Company operates have copyright protection and laws on unfair competition which offer protection on

the title and/or video game.

As of this date, no rights on the titles and/or video games commercialised by the Company have been claimed by a third party in any territory. In the event of such a claim, the activity, results, financial position and outlook of the Company could be affected to a fairly significant degree depending on the title and/or video game involved.

### Risks on the renewal of rights

Considering its business, Focus Home Interactive directly manages a portfolio of rights granted by development studios.

The commercial rights of the games obtained by the Company from studios, through publication and reproduction rights, are granted to it for a territory and definite period (the period may vary depending on the

contract). Focus Home Interactive therefore holds a time-limited right over the video games developed by the studios.

If the Company fails to acquire new rights, the catalogue of games that the Company can commercialise will dwindle, which could negatively impact its revenue, results, financial position and growth outlook.

### Risks on changes to market trends and changes in the functionality of games in its portfolio

Focus Home Interactive has observed video games becoming increasingly social through gamer interactions within video games. As such, some games allow the creation of items that may be subject to copyright as well as the trade of items potentially subject to consumer protections laws.

We endeavour to ensure such changes are in compliance with the applicable legal provisions.

### Risks on piracy and copyright infringement

The growing success of the Focus Home Interactive's catalogue may lead to attempts at piracy and illegal reproduction.

As of this day, our Company has never faced any piracy acts that were of such an extent that its results, financial position or brand image were harmed. We believe the growing digitalisation of the video game market is drastically reducing the risk of video game piracy. In fact, digitalisation has enabled publishers to add new downloadable functionalities or online content in addition to the original (offline) game,

- frequent video game updates through the Internet (both consoles and PCs) allowing for bug correction;
- data sharing among users ("the community");

- online multiplayer modes; and
- downloadable content, of which some for free.

These functionalities are additional services offered by digitalisation; they cannot be accessed on pirated games since access is only possible when the player has the original game (containing the encrypted code keys). While a player can still copy a game, they will be unable to access all this content and be left with a highly impoverished game. Thus, the growth in digitalisation makes the purchase of a legal copy almost systematic.

We consider our strong position on the digital segment limits any major risk of our products being pirated (even if the risk cannot entirely be circumscribed).

## 1.5.9. Currency risk

Focus Home Interactive's operates at an international level and is thus subject to currency risk due to its exposure to currencies other than the euro, in particular US dollars, in which it receives its sales made in the United States. At the year ended 31 March 2021, the proportion of sales billed in US dollars was 58% of the consolidated revenue. The Group's operating profit along with its cash and cash equivalents are therefore subject to currency fluctuations.

However, our Company benefits from an automatic reduction of this risk given game sales in US dollars for

physical copies sold in the United States can offset the costs incurred in dollars (i.e. manufacturing costs for hardcopy games destined for American consoles and PCs and borne by the American subsidiary). Nevertheless, the significant volume of sales in US dollars comes from digital sales for which no costs in US dollars can be directly offset. The Group is frequently in a US dollar surplus position, which creates exposure to medium- and long-term changes in the EUR/USD exchange rate.

To limit this currency risk exposure, the Group has entered into EUR/USD currency hedges with different maturity



dates and based on anticipated USD surplus receivables. These hedges partially cover expected surpluses.

Focus Home Interactive is also exposed to currency risks relating to the pound sterling due to its trade relationship with a studio based in England. Invoices from this studio are in GBP. The Company must therefore regularly purchase pounds to satisfy its contractual obligations with this studio.

Since the Company cannot rule out a large increase in its business placing it under greater currency exposure, the Company regularly reviews its expected cash flow hedges and tightens its hedging of these risks as currencies fluctuate. If Focus Home Interactive fails to take steps in the effective hedging of exchange rate fluctuations, its profitability could be altered.

### 1.5.10. Liquidity risk

The maturity dates of financial debt as of 31 March 2021 were as follows:

Consolidated (euros in thousands)	TOTAL	< 1 year	1-5 years	> 5 years
<b>Bank loans and BPI loans</b>	<b>12,516</b>	<b>2,326</b>	<b>6,933</b>	<b>3,237</b>
<b>Total loans and financial debt</b>	<b>12,516</b>	<b>2,326</b>	<b>6,933</b>	<b>3,237</b>
<b>Available cash</b>	<b>19,497</b>	<b>19,497</b>		
<b>Net cash / (Net debt)</b>	<b>6,981</b>	<b>17,171</b>	<b>-6,933</b>	<b>-3,237</b>

The Group regularly reviews its funding sources to maintain sufficient liquidity at all times and considers its cash on hand (€19.5M as of 31 March 2021) as well as:

- any amounts used in investments,
- the reimbursement plan for financial debt at that date,
- current level of activity, and
- off-balance-sheet commitments.

### 1.5.11. Risk associated with financial covenants

As of 31 March 2021, the Group had not drawn down on the new €15M revolving line of credit.

The loan agreement signed on 6 February 2020 for a total of €38.5M contains a proviso on maintaining a financial ratio specified as consolidated net financial debt divided by consolidated EBIT. This ratio was measured for the first time on 31 March 2020 and will be calculated every year on the same date. It will determine the interest rate for the following year. As of 31 March 2021, we were in compliance with these covenants.

### 1.5.12. Legal proceedings and arbitration

On 9 November 2020, the Company announced<sup>5</sup> that it was able to estimate the amount of the fine that would be imposed on it by the European Commission. This amount, corresponding to a maximum risk estimated at €3M, was entered in the financial statements at 30 September 2020 as a provision for liabilities.

On 20 January 2021, the European Commission announced the imposition of a fine in the final amount of approximately €2.9M against the Company as part of its inquiry on the practice called geo-blocking that it had initiated on 2 February 2017.

On 26 December 2019, the Group was notified of an audit covering the years 2017 and 2018 being opened by the URSSAF (French social security agency) for the end of January 2020. The audit ended on 20 November 2020 and resulted in a non-material adjustment.

There is no other governmental, legal or arbitration proceeding, including any outstanding or threatened proceedings known to the Company, that could or would have had significant effects on the Group's financial position or profitability over the last 12 months.

### 1.5.13. Foreseeable growth and outlook

The public health crisis highlighted the great resiliency of digital activities and in particular that of video game publishers, such as Focus Home Interactive, who had content to offer. The acceleration of the Group's digitalisation, which increased from 82% to 89% of the revenue during the financial year was also due to the great quality of its portfolio of video games in its back catalogue as well as from new games published during this period.

Our growth this year saw a very strong increase in revenue from the back catalogue, an increase of 63%, compared

with the previous financial year, but it was also thanks to the release of new titles such as *"Snowrunner"*, the Game of the year version of *"World War Z"*, *"Hardspace: Shipbreaker"*, *"Shady Part of Me"*, and the full release version of the game *"Curse of the Dead Gods"*.

The coming year will be full of new releases (Hood: Outlaws & Legends, Evil West, Alien: Fireteam Elite, Insurgency on consoles, etc.) and new, ambitious partnerships that have been announced. Our teams are also very proud to make an exclusive world showing of A Plague Tale: Requiem at the Microsoft E3 2021 conference that was

<sup>5</sup> See the press release issued on 25 June 2020, available on the Company's website.

simultaneously broadcast worldwide in early June 2021. Structurally, one of the year's highlights came during summer 2020, with the acquisition of Deck13, one of Focus' historical partners (The Surge) and the first development studio to join the Group.

Focus Home Interactive strengthened its teams this year with key recruitments and its objective is more than ever to unite its talent over the entire chain of creation and development of a game, all the way to its sale worldwide. For that, we continue to strengthen our know-how and our high-level publishing services, and we wish to add talent and studios with exceptional vision to this

ambitious Group, to maximize value creation, secure and operate our brands from every angle.

As such, Streum On Studio, a historical partner of Focus, joined the Group in April 2021. The recently released title Necromunda: Hired Gun was met with extremely positive reviews and strong sales.

With a subsidiary of Deck13 that has just opened in Montréal, the Group continues to pursue its objective to soon add new studios and new targets consistent with the business lines of Focus Home Interactive as well as new strategies to diversify the Group's activities and revenue streams.

## II. CORPORATE OFFICERS

As of 31 March 2021, the Company was a public limited company governed by a Management Board and Supervisory Board. Its corporate officers were:

- Christophe Nobileau, Chairman of the Management Board (since 24 September 2020);
- John Bert, member of the Management Board (since 1 January 2016);
- Luc Heninger, member of the Management Board (since 1 January 2016);
- Thomas Barrau, member of the Management Board (since 29 June 2018);
- Fabrice Larue, Chairman and member of the Supervisory Board (since 27 July 2020);
- Tanguy de Francilieu, Vice Chair of the Supervisory Board (since 27 July 2020);

- Denis Thébaud, member of the Supervisory Board (since 6 January 2015);
- Tiphane Lamy, member of the Supervisory Board (since 24 September 2020);

The resignation of Jürgen Goeldner from his position as Chairman and member of the Management Board was recorded by the Supervisory Board at its meeting on 23 October 2020.

After closing and following the General Meeting of Shareholders of the Company on 16 April 2021, the composition of the Supervisory Board was changed to include two new independent members and thus balance the ratio of men and women of the members of the Supervisory Board.

These two members are the following:

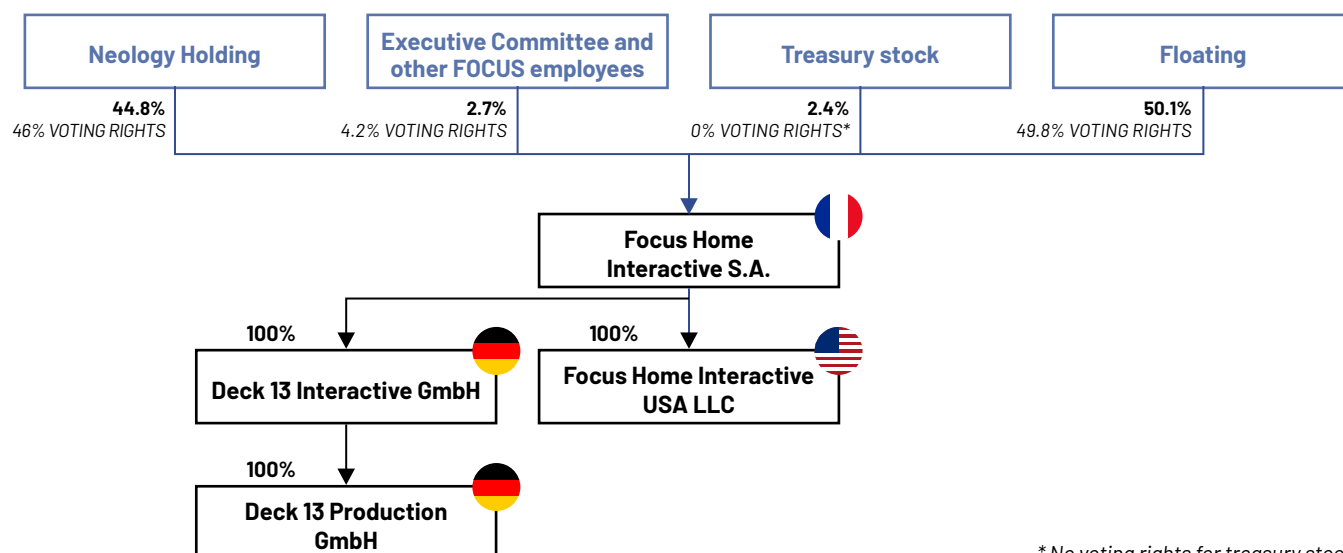
- Thaima Samman; and
- Louise Tingström.

## III. EMPLOYEE SHAREHOLDINGS

On 31 March 2021, the participation in the share capital of the Company held by the employees or by members of the Executive Committee linked to the Company by an employment contract stands at 145,176 shares, that is 2.7% of the shares and 4.1% of the voting rights.

## IV. SUBSIDIARIES AND INVESTMENTS

### 1. Legal organisational chart at 31 March 2021



\* No voting rights for treasury stock

The business of Focus Home Interactive USA is identical to the business of the French parent company. It is engaged in commercial activities in North and Central America. As of 31 March 2021, its annual revenue was USD 8M. It recorded a net profit of USD 262kK.

The activity of the German subsidiary Deck 13 Interactive, acquired on 25 June 2020, is the development of video games and publishing of a catalogue of video games. This company also owns 100% of a subsidiary called Deck 13 Production. These two companies are based in Frankfurt. The revenue of Deck 13 over the nine months of the 2020-21 financial year totals €1.6M.

The Canadian subsidiary of Deck 13 in Montréal, announced on 8 February 2021, was created on 1 April 2021 and therefore does not appear in this organisational chart.

## 2. Significant stakes in companies with a French registered office or takeovers of such companies

On 20 April 2021, the Group announced the acquisition of the majority of the shares comprising the capital of the company Streum On Studio, paid in cash and in Focus Home Interactive shares. Streum On Studio is a leading French game development studio and has been a strong partner of the Group since 2013.

## 3. Existing branches

None

## 4. Disposal of shares to rectify cross holdings

None

## 5. Anti-trust practices

On 20 January 2021, the European Commission announced the imposition of a fine in the amount of approximately €2.9M against the Company as part of its inquiry on the practice called geo-blocking that it had initiated on 2 February 2017.

## 6. Capital breakdown and treasury stock

To the best of the Company's knowledge, the shares and transferable securities held by members of the Management Board and Supervisory Board on 31 March 2021 are as follows:

31 MARCH 2021	Number of shares	Transferable securities giving future equity		Total	% of capital	
		Number & type of allocated transferable securities	Number of shares issued if all exercised		Held total	Diluted total
Management Board members						
Thomas Barrau	8,750	SO 2017 – 500 shares AGA 2018 – 6,000 shares AGA 2020 – 15,000 shares	21,500	30,250	0.16%	0.57%
John Bert	24,571	AGA 2018 – 6,000 shares AGA 2020 – 35,000 shares	41,000	65,571	0.46%	1.22%
Luc Heninger	23,083	AGA 2018 – 6,000 shares AGA 2020 – 20,000 shares	26,000	49,083	0.43%	0.92%
Supervisory Board members						
Fabrice Larue (indirectly via Neology Holding)	2,387,824	-	-	-	-	-
Tanguy de Franclieu	-	-	-	-	-	-
Denis Thébaud	-	-	-	-	-	-
Tiphanie Lamy	-	-	-	-	-	-
Louise Tingström	-	-	-	-	-	-
Thaima Samman	-	-	-	-	-	-



As part of the liquidity contract, Company held, as of 31 March 2021, 2,318 of its own shares with a value of €158K and held a receivable of €320K allocated to the liquidity account.

Liquidity contract on 31/03/2021	Quantity	Price
Shares held on 31/03/2020	8,295	17.9600
Shares bought (average price)	166,841	40.1084
Shares sold (average price)	172,818	39.9209
Shares held on 31/03/2021	2,318	64.4740

Besides the liquidity contract, the Group held 127,553 shares, as of 31 March 2021, under its stock buyback programme (see paragraph 7 below).

The Company's articles of association grant a double voting right to any registered share held for over two years. The table below depicts the breakdown of primary shareholders and voting rights as of 31 March 2021:

Prior to the completion of the Transaction				
Shareholders	Number of shares	% of capital	Voting rights	% of voting rights
Neology Holding	2,387,824	44.8%	2,387,824	46.0%
Focus Executive Committee and employees	145,176	2.7%	216,062	4.2%
Stock buyback programme	127,553	2.4%		0.0%
Floating	2,669,389	50.1%	2,582,248	49.8%
<b>Total</b>	<b>5,329,942</b>	<b>100.0%</b>	<b>5,186,134</b>	<b>100.0%</b>

## 7. Transactions on Company shares as part of a stock buyback programme

At its meeting on 19 January 2021, the Management Board decided to implement a stock buyback programme based on the authorisation granted by the Ordinary and Extraordinary General Meeting of 22 September 2020 (Resolution 9) in addition to signing the liquidity contract as described above.

The Ordinary and Extraordinary General Meeting of 22 September 2020 set:

- the maximum amount of funds destined to the stock buyback programme is ten million (10,000,000) euros;
- It was specified that (i) a maximum of 5% of shares making up the Company's share capital may be earmarked for retention and subsequent tendering as payment or exchange in a merger, spin-off or contribution and (ii) if acquired as part of a liquidity contract, the number of shares for calculating the above-mentioned 10% limit of share capital would be the number of shares purchased net of the number of shares resold during the period of this authorisation; and
- the maximum price that the Company could pay should not exceed €65 per share.

On 19 January 2021, the Management Board authorised the buyback of no more than 250.000 shares of the Company.

Below is a breakdown of the shares bought under the stock buyback programme according to their objectives as of 31 March 2021:

Purpose of buyback	Number of shares
the implementation of stock option plans, free share allotment plans, employee shareholding transactions for members of company savings plans, in accordance with current laws, or allotment of shares to employees and/or corporate officers of the Company and related companies	11,084
Delivery of shares for the exercise of rights attached to transferable securities giving future equity in the Company	-
Used as part of any hedging operation for Company obligations under financial instruments related to Company share price changes	-
Held for subsequent delivery as payment or exchange as part of any transactions involved for external growth, mergers, spin-offs or contributions	116,469
Full or partial cancellation through capital reduction (especially to optimise cash-flow management, equity return or earnings per share)	-
Improve trading of shares on the market as part of a liquidity contract with an investment service provider, in accordance with the Ethics Charter recognised by the Financial Markets Regulator	2,318
implementation of any market practice authorised by the AMF and, in general, completion of any transactions in accordance with the applicable legal and regulatory provisions	-
<b>Total</b>	<b>129,871</b>

## V. PRESENTATION OF ACCOUNTS AND ALLOCATION OF RESULTS

### 1. Examination of accounts and results

#### Company accounts as of 31 March 2021

Focus Home Interactive recorded revenue of €166.5M over the twelve-month period ended 31 March 2021, whereas the revenue for the previous year was €137.8M at 31 March 2020. This 2020-2021 figure was obtained during public health crisis that had a non-measurable positive impact effect on digital sales. It is the result of the successes of new games such as *"Snowrunner"* as well as back catalogue sales that benefited from all the success of the Company's portfolio such as *"Farming Simulator 19"*, *"World War Z"*, *"A Plague Tale"* and *"Greedfall"*, etc.

Our operating expenses amounted to €142.6M at 31 March 2021 compared with €118.4M at 31 March 2020. This year's income from operations came to €25.4M. It was €20.2M for the year ended 31 March 2020.

Taking into account a financial profit of €44K, an extraordinary loss of €2.6M, the amount of €840K paid to

employees for profit sharing and a corporate income tax charge of €7.3M, our net income totalled €14.7M for the year ended 31 March 2021.

Assets on the balance sheet grew from €90.9M on 31 March 2020 to €122M on 31 March 2021. Equity grew from €56.8M on 31 March 2020 to €71.6M on 31 March 2021.

Net intangible assets significantly changed due to the change in accounting method that occurred in the half-year report at 30 September 2020 on the intangible assets linked to game development expenses. Intangible assets are €61,482K at the end of March 2021. Prior to this change, game development costs were recognised in "Advances and prepayments paid on orders" for €48,173K at 31 March 2020.

The Company had a net cash position of €5.8M.

#### Consolidated accounts as of 31 March 2021

The consolidated accounts incorporate the activity of our US subsidiary that was founded in September 2013 and launched "Farming Simulator" 2013 on the American market in November 2013. This subsidiary is 100% controlled and managed by the French parent company which bears the variable expenses of its subsidiary.

As of 31 March 2021, the revenue for the trailing twelve months came to €171M, whereas the revenue for the year ended 31 March 2020 had reached €142.8M.

The gross profit of the Group stood at €51M at 31 March 2021, whereas it was €44M for 2019/20.

While download sales represented 82% of the revenue in 2019/20, they represented 89% of the 2020/21 revenue.

This significant increase in the digital share of the

revenue is explained by the positive impact of the lockdowns that occurred during 2020, supported by a richer back catalogue offering than during the previous year.

Net income stood at €13.3M compared with €13M for the 2019/20 financial period.

The consolidated balance sheet is very similar to the Company's balance sheet in structure and amounts. It includes supplementary items from the American subsidiary. Total assets on the consolidated balance sheet for the year ended was €119.2M.

Consolidated equity was €68.5M. The Group's net cash position was €7M and the balance sheet's structure was solid.

## 2. Debt situation of the Company and Group as of 31 March 2021

	31/03/2020	New borrowings	Reimbursements	31/03/2021
<b>Bank loans (excl. overdrafts)</b>	<b>1,661</b>	<b>11,500</b>	<b>(1,916)</b>	<b>11,246</b>
- of which due under one year	1,261			1,076
- of which due between 1 and 5 years	401			6,933
- of which due after 5 years	0			3,237
<b>Revolving</b>	<b>0</b>	<b>2,500</b>	<b>(1,250)</b>	<b>1,250</b>
Interest accrued (on other loans and similar payables)	1	9		10
Bank overdraft	0	10		10
<b>Financial debt</b>	<b>1,661</b>	<b>14,019</b>	<b>(3,166)</b>	<b>12,516</b>
<i>Cash and cash equivalents</i>	<i>19,639</i>			<i>19,497</i>
<b>NET DEBT</b>	<b>(17,977)</b>	<b>14,019</b>	<b>(3,166)</b>	<b>(6,981)</b>

## 3. Proposed allocation of the profit

The Management Board proposes that the General Meeting allocate the annual profit entirely to retained earnings:

Financial year net profit	14,716,517.25
Allocation to the legal reserve	-
Previous retained earnings	27,317,289.00
Distributable profit	42,033,806.25
Dividend distribution	-
Allocation of year's profit to retained earnings	14,716,517.25

Focus Home Interactive's equity stood as follows on 31 March 2021:

Subscribed capital	6,395,930.40
Share premium	22,369,259.65
Legal reserves	779,184.80
Retained earnings	27,317,289.00
Capital before profit allocation	56,861,663.85
Profit allocated	14,716,517.25
Capital after profit allocation	71,578,181.10

## 4. Dividends distributed in the preceding three financial years

In accordance with Article 243 A of the French General Tax Code, below is a table showing the dividends distributed for the preceding three financial years:

For year ended	Dividend per share	Dividends distributed	of which scrip dividends	Allowance mentioned in Art. 158 (3)(2°) of Tax Code	
				Eligible for 40% allowance	Non-eligible for 40% allowance
<b>31 March 2020</b>	-	-	-	-	-
<b>31 March 2019</b>	<b>0.68</b>	<b>3,470,824.04</b>	<b>709,587.60</b>	<b>3,470,824.04</b>	-
<b>31 March 2018</b>	<b>0.57</b>	<b>2,982,878.97</b>	<b>49,368.15</b>	<b>2,982,878.97</b>	-

## 5. Non-tax-deductible expenses

In accordance with Article 223 C of the French General Tax Code, we are obliged to inform you of all expenses and charges referred to in Article 39-4 of said code and recorded by the Company. For the year ended 31 March 2021, the Company recorded no such non-tax-deductible expenses.

## VI. FIVE-YEAR SUMMARY OF THE COMPANY

### Summary table of results for the last five financial years

	2,016	2017/18 (15 months)	2018/19	2019/20	2020/21
<b>Financial position at year end (in euros)</b>					
Share capital	5,697,108	6,272,942	6,300,464	6,368,630	6,395,930
No. of issued shares	4,747,590	5,227,452	5,250,387	5,307,192	5,329,942
No. of convertible bonds					
<b>Overall income from operations for the year (euros in thousands)</b>					
Revenue excl. tax	70,369	83,637	121,007	137,885	166,506
Profit before tax, D&A and provisions	9,013	9,147	10,921	18,335	48,449
Income tax	3,077	3,063	4,001	5,795	7,253
Profit after tax, D&A and provisions	5,908	6,342	7,587	12,127	14,717
Profit distributed	2,520	2,983	3,471	-	-
<b>Operational earnings per share*</b>					
Profit before tax, D&A and prov.	1.90	1.75	2.08	3.45	9.09
Profit after tax, D&A and prov.	1.24	1.21	1.45	2.29	2.76
Dividend	0.53	0.57	0.68	-	-
<b>Staff</b>					
No. of employees	79	97	113	127	146
Total payroll	4,128	5,748	5,286	6,328	7,633
Salary expenses	2,274	2,489	2,413	2,948	3,341

\* The number of shares used to determine the earnings and dividend per share is the number at the year's close.

## VII. SUMMARY OF COMPANY SECURITIES TRANSACTED BY DIRECTORS AND RELATIVES

In accordance with Articles 223-22 A and 223-26 of the general regulation of the French Financial Markets Regulator (AMF), below are the transactions performed by directors and their relatives on the Company's securities during the year:

### A. Purchases and sales of securities by directors

Management Board members	Shares sold	Shares bought	Supervisory Board members	Shares sold	Shares bought
Christophe Nobileau	-	-	Fabrice Larue (indirectly via Neology Holding)	-	2,387,824
John Bert	8.866	-	Tanguy de Francieau	-	-
Luc Heninger	13.040	-	Tiphane Lamy	-	-
Thomas Barrau	7.000	-	Denis Thébaud (directly and indirectly via Nabuboto/Innelec)	1,883,219	5.290

### B. Exercise of options by directors during the year

None.

## VIII. SPECIAL REPORT ON STOCK OPTIONS

### A. Stock options

At 31 March 2021	Stock options	
Date authorised	6/10/2017	26/0/2019
Exercise deadline	06/10/2022	26/06/2024
Exercise price	21.3	18.5
Number authorised	25,000	25,000
<b>Number allocated</b>	<b>7,450</b>	<b>15,750</b>
Number cancelled	500	
Number exercised	1,250	500
<b>Residual quantities</b>	<b>5,700</b>	<b>15,250</b>

#### 1) Allocation of stock options during the year ended 31 March 2021

None.

#### 2) Stock option exercise during the year ended 31 March 2021

On 19 January 2021, the Company's Management Board recorded an increase in the share capital due to an employee's exercise of 750 stock options as part of SO 2017-01 plan allotted by the Management Board on 6 October 2017, under the powers delegated by the General Meeting of 27 September 2017. The subscription price of these 750 shares was €21.34 per share.

On the same date, the Company's Management Board also recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Management Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The subscription price of these

250 shares was €18.53 per share. The Management Board recorded the creation of 1.000 shares with a par value of €1.20, which increased the share capital by € 1.200.

At its meeting on 4 March 2021, the Company's Management Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Management Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The subscription price of these 250 shares was €18.53 per share. The Management Board recorded the creation of 250 shares with a par value of €1.20, which increased the share capital by € 300.

#### 3) Warrants during the year ended 31 March 2021

At its meeting on 27 July 2020, the Management Board of the Company recorded a share capital increase resulting from the exercise of 5,000 warrants (BSA-2015) by the company Neology Holding allotted by the Management Board on 6 January 2015, under the powers delegated by the Ordinary and Extraordinary General Meeting of 6 January 2015 and after obtaining the prior written approval of the Supervisory Board on 6 January 2015. The Management Board recorded the creation of 5,000 new shares with a par value of €1.20 each, which increased the share capital by €6,000.

### B. Free shares (AGA)

#### 1) Allotment of free shares during the year ended 31 March 2021

At its meeting on 23 June 2020, the Management Board adopted a free share allotment plan for the managers of Deck 13 Interactive (AGA 2020-1, 2020-2, 2020-3, 2020-4), under the powers delegated by the Ordinary and Extraordinary General Meeting of 24 September 2019 and as authorised by the Supervisory Board at its meeting of 5 June 2020.

AGA 2020-1 plan	
	Number of shares
<b>Management Board members</b>	<b>0</b>
<b>Others</b>	<b>54,198</b>
<b>Total</b>	<b>54,198</b>

AGA 2020-2 plan	
	Number of shares
<b>Management Board members</b>	<b>0</b>
<b>Other employees</b>	<b>18,788</b>
<b>Total</b>	<b>18,788</b>

At its meeting on 27 July 2020, the Management Board adopted a free share allotment plan (AGA 2020-5), under the powers delegated by the Ordinary and Extraordinary General Meeting of 24 September 2019 and as authorised by the Supervisory Board at its meeting of 24 June 2020. This 2020-5 free share allotment plan allows the allotment of 3,000 free shares to Jean-François Busnel.

At its meeting on 17 December 2020, the Management Board, following authorisation by the Supervisory Board at its meeting of 17 December 2020, authorised the creation of a free performance share plan involving the allotment of 70,000 free shares for three members of the Management Board. In compliance with resolution no. 10 approved by the Ordinary and Extraordinary General

Meeting of 22 September 2020 authorising the allotment of a maximum amount of 200,000 free shares.

The first beneficiaries of the plan are the following Management Board members: John Bert (Chief Operations Director), Luc Heninger (Chief Production Officer) and Thomas Barrau (Chief Marketing Officer). The newly issued shares will be acquired by the beneficiaries over a four-year period, on the condition that the beneficiary remain with the Group and achieve specific performance goals. Moreover, these members of the Management Board made a commitment to retain any ordinary shares currently held for a period of between four and six years.

AGA plan	
	Number of shares
Management Board members	70,000
<b>Total</b>	<b>70,000</b>

At its meeting on 26 January 2021, the Management Board, following authorisation by the Supervisory Board at its meeting on 26 January 2021, authorised the creation of a free performance share plan involving the allotment of 75,375 free shares for 35 key managers. The newly issued shares will be acquired by the beneficiaries over a four-year period, on the condition that the beneficiary remain with the Group and achieve specific performance goals.

AGA 2021-1 plan	
	Number of shares
Management Board members	0
Others	75,375
<b>Total</b>	<b>75,375</b>

## **2) Definitive vesting of free shares during year ended 31 March 2021**

On 11 March 2019, the Company allotted 2,400 free shares to the employees and corporate officers of the Company (AGA 2019-01-1). At its meeting of 26 June 2020, the Management Board decided to create 800 shares following their definitive vesting on 26 June 2020. These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 2 October 2018, the Company allotted 18,000 free shares to the employees and corporate officers of the Company (AGA 2018-3). At its meeting on 24 September 2020, the Management Board decided to create 4,500 shares following their vesting on 23 September 2020 (1,500 shares were not allotted because the conditions for their definitive vesting were not fulfilled). These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 2 October 2018, the Company allotted 6,300 free shares to the Company employees (AGA 2018-4). At its meeting on 24 September 2020, the Management Board decided to create 2,100 shares following their definitive vesting on 23 September 2020. These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 11 March 2019, the Company allotted 2,400 free shares to the employees and corporate officers of the Company (AGA 2019-01-1). At its meeting on 24 September 2020, the Management Board decided to create 800 shares following their definitive vesting on 23 September 2020. These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 11 March 2019, the Company allotted 400 free shares to the employees and corporate officers of the Company (AGA 2019-01-2). At its meeting of 24 September 2020, the Management Board decided to create 200 shares following their definitive vesting on 23 September 2020. These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 2 October 2018, the Company allotted 18,000 free shares to the employees and corporate officers of the Company (AGA 2018-1). At its meeting of 12 October 2020, the Management Board decided to create 6,000 shares following their definitive vesting on 11 October 2020. These free shares are subject to a holding period of one year from the time of their definitive vesting.



On 2 October 2018, the Company allotted 6,300 free shares to the employees and corporate officers of the Company (AGA 2018-2). At its meeting of 12 October 2020, the Management Board decided to create 2,100

shares following their definitive vesting on 11 October 2020. These free shares are subject to a holding period of one year from the time of their definitive vesting.

## C. Transferable securities and instruments giving future equity on the date of this report

On the date of this report:

- 241,961 free shares have been allocated but have not yet definitively vested;
- 20,950 stock options have not yet been exercised.

## IX. SHARE CAPITAL

### 1. Transactions on the share capital

#### **Year ended 31 March 2021**

As of 31 March 2020, the share capital was composed of 5,307,192 shares with a par value of €1.20 each, on 31 March 2021, it was composed of 5,329,942 shares with a par value of €1.20 each.

During the 2020/2021 period, the following transactions took place:

- Exercise of 5,000 BSA-2015 warrants, on 27 July 2020;
- Definitive vesting of the 1,800 shares of the AGA 2019 plan, on 24 September 2020;
- Definitive vesting of the 14,700 shares of the AGA 2018 plan, on 12 October 2020;
- Exercise of 750 options of the SO 2017-01 plans, on 19 January 2021;
- Exercise of 500 options of the SO 2019 plan, on 4 March 2021.

On 26 June 2020, the Management Board of the Company recorded the completion of a capital increase resulting from the definitive vesting of free shares allotted under the "AGA 2019-01-1" plan with the creation of 800 shares with a par value of €1.20 each, representing a capital increase of €960;

On 27 July 2020, the Management Board recorded a share capital increase resulting from the exercise of 5,000 warrants (BSA-2015) by the company Neology Holding allotted by the Management Board on 6 January 2015, under the powers delegated by the Ordinary and Extraordinary General Meeting of 6 January 2015 and after obtaining the prior written approval of the Supervisory Board on 6 January 2015. The Management Board recorded the creation of 5,000 shares with a par value of €1.20 each, which increased the share capital by €6,000.

On 24 September 2020, the Company's Management Board recorded four capital increases:

- a first capital increase resulting from the definitive vesting of free shares allotted under the "AGA 2018-3" plan with the creation of 4,500 shares with a par value of €1.20 each, representing a capital increase of €5,400;
- a second capital increase resulting from the definitive vesting of free shares allotted under the "AGA 2018-4" plan with the issue of 2,100 shares with a par value of €1.20 each, representing a capital increase of €2,520;
- a third capital increase resulting from the definitive vesting of free shares allotted under the "AGA 2019-01-1" plan with the issue of 800 shares with a par value of €1.20 each, representing a capital increase of €960;
- a fourth capital increase resulting from the definitive vesting of free shares allotted under the "AGA 2019-01-2" plan with the issue of 200 shares with a par value of €1.20 each, representing a capital increase of €240;

On 12 October 2020, the Company's Management Board recorded two capital increases:

- a first capital increase resulting from the definitive vesting of free shares allotted under the "AGA 2018-1" plan with the creation of 6,000 shares with a par value of €1.20 each, representing a capital increase of €7,200;
- a second capital increase resulting from the definitive vesting of free shares allotted under the "AGA 2018-2" plan with the issue of 2,100 shares with a par value of €1.20 each, representing a capital increase of €2,520;

On 19 January 2021, the Management Board recorded the completion of the share capital increase resulting from the exercise of stock options as part of the SO 2017-01 and SO 2019 plans by the creation of 1,000 shares with a par value of €1.20 each, representing a share capital increase of €1,200;

On 4 March 2021, the Company's Management Board

recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of the SO 019 plan allotted by the Management Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The Management Board recorded the creation of 250 shares with a par value of €1.20, which increased the share capital by € 300.

#### Post-closing

By decision of the Chairman of the Management Board of the Company, using the sub-delegation granted to him by the Management Board at its meeting of 18 May 2021, pursuant to and within the limits of (i) the authorisation granted to the Management Board by the Supervisory Board and (ii) the delegation of authority granted by the tenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021, the Company issued 1,050,000 new ordinary shares, with a par value of

€1.20 each, to categories of beneficiaries, in accordance with Article L. 225-138 of the French Commercial Code and the tenth resolution adopted by the Company's Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021.

This capital increase was carried out with elimination of the preferential subscription right for shareholders of the Company for a category of shareholders for an amount of €70.35M in an accelerated bookbuilding process.

Date	Operation type	Number of shares issued/cancelled	Capital	Share premium or contribution	Accumulated share capital	Accumulated number of shares	Par value
27 July 2020	Year BSA-2015	5,000	6,000	0	6,375,590.40	5,312,992	1.20
24 Sept 2020	Definitive vesting AGA 2019	1,800	2,160	0	6,384,710.40	5,320,592	1.20
12 Oct. 2020	Definitive vesting AGA 2018	14,700	17,640	0	6,394,430.40	5,328,692	1.20
19 Jan 2021	Financial period Plan SO 2017-01	750	900	0	6,395,630.40	5,329,692	1.20
04 March 2021	Financial period Plan SO 2019	500	600	0	6,395,930.40	5,329,942	1.20
After 31 March 2021							
21 May 2021	Margin of capital	1,050,000	1,260,000	69,090,000	7,655,930.40	6,379,942	1.20

#### Shareholding thresholds

On 16 April 2020, the Company became aware of a threshold crossing by the company Keren Finance (178 Boulevard Haussmann, 75008 Paris). Keren Finance's holdings had dropped, on 14 April 2020, below the 2% threshold of voting rights in the Company. On 16 April 2020, Keren Finance held 105,441 Focus Home Interactive shares (1.99% of capital) and 105,441 voting rights (1.49% of votes).

On 23 February 2021, the Company became aware of a threshold crossing by the company Amiral Gestion

(103 rue de Grenelle, 75007 Paris). Amiral Gestion's holdings had dropped, on 19 February 2021, below the 5% threshold of capital and voting rights in the Company. On 23 February 2021, Amiral Gestion held 261,259 Focus Home Interactive shares, 4.90% of capital and 4.79% of the voting rights.

For the year ended 31 March 2021, the Company is not aware of any other crossing of shareholding thresholds pursuant to legal provisions or the articles of association.



## X. MISCELLANEOUS INFORMATION

### 1. Information on settlement periods for payables and receivables (excluding accrued expenses)

In thousands of euros		Due				
	Not due	1-30 days	31-60 days	61-90 days	>91 days	Total (>1 day)
<b>A. Invoices in arrears</b>						
<b>PAYABLES' settlement periods</b>						
Number of invoices concerned	53					73
Net total (incl. VAT) of invoices concerned	2,276	230	114	1	271	616
Percentage of year's purchases	2%	0%	0%	0%	0%	1%
<b>RECEIVABLES' deadlines</b>						
Number of invoices concerned	111					684
Net total (incl. VAT) of invoices concerned	3,036	882	154	418	-203	1,251
Percentage of year's sales	2%	1%	0%	0%	0%	1%
<b>B. Invoices excluded from A. as relating to unrecorded or disputed debts/credits</b>						
Number of invoices excluded	0	0	0	0	0	0
Total	0	0	0	0	0	0
<b>C. Benchmark payment terms used (contractual or statutory - Article 441-6 or Article 443-1 of the French Commercial Code)</b>						
<b>PAYABLES</b>	Contractual terms:	between 15 and 60 days net				
	Statutory term:	France: 60 days net / International: variable				
<b>RECEIVABLES</b>	Contractual terms:	between upfront and 90 days net				
	Statutory term:	France: 60 days net / International: variable				

### 2. Inter-company loans

In accordance with Article L. 511-6 3 A of the French Finance and Monetary Code, for the year ended 31 March 2021, we declare no inter-company loan had been entered into.

### 3. Combating money laundering and financing of terrorism

As part of the applicable Euronext Growth® rules, the Company, its directors and corporate officers are in compliance with Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. Furthermore, the Company, its directors and corporate officers do not appear on the European Union's sanctions list or the list established by the OFAC.

### 4. Situation of Auditors' terms of office

#### Statutory auditor:

- Deloitte & Associés, represented by Julien Razungles, 6 Place de la Pyramide, 92908 Paris - La Défense

Deloitte & Associés was appointed the statutory auditor by the General Meeting of 22 June 2006 for a term of six financial years. The term was renewed by the General Meetings held on 20 June 2012 and 27 September 2018. Its current term will end at the conclusion of the Annual General Meeting that approves the financial statements for the year ending 31 March 2024.

- Cabinet Gatti Conseil, represented by Bertrand Gatti 68, Rue Albert Perdreux 78140 Velizy-Villacoublay

Cabinet Gatti Conseil was appointed co-statutory auditor by the General Meeting of 9 June 2015 for a term of six financial years. Its current term will end at the conclusion of the Annual General Meeting that approves the financial statements for the year ending 31 March 2021.

**Alternate auditor:**

- DABR Audit et Conseil  
4 Rue des Arts 91270 Vigneux sur Seine

DABR was appointed alternate auditor by the General Meeting of 9 June 2015 for a term of six financial years. Its current term will end at the conclusion of the Annual General Meeting that approves the financial statements for the year ending 31 March 2021.

We hope these proposals will receive your agreement and you adopt the corresponding resolutions.

Paris 23 June 2021



On behalf of the Management Board  
Christophe Nobileau  
Management Board chairman



## **SUPERVISORY BOARD'S REPORT ON COMPANY GOVERNANCE**



**FOCUS HOME INTERACTIVE**  
**Public limited company with Management Board and Supervisory Board**  
**With share capital of €7,655,930.40**  
**Parc de Flandre "Le Beauvaisis" - Bâtiment 28**  
**11, Rue de Cambrai - 75019 Paris**  
**RCS Paris B 399 856 277**

## SUPERVISORY BOARD'S REPORT ON COMPANY GOVERNANCE

Ladies and gentlemen. Dear shareholders,

In accordance with Article L. 225-68 of the French Commercial Code, the Supervisory Board has prepared a report on the governance of the Company. This report comprises:

- the list of all offices and duties exercised in other companies by each corporate officer during the financial year;
- the agreements entered into, directly or through an intermediary, between either a corporate officer or a shareholder holding voting rights greater than 10% and another company in which more than half its capital is held directly or indirectly by the

Company, except for agreements bearing on current transactions signed under normal market conditions;

- a summary of the current delegated powers granted by the General Meeting of shareholders in relation to capital increases, pursuant to Articles L. 225-129-1 and L. 225-129-2, and when such delegated powers were exercised during the year; and
- the Supervisory Board's observations on the management report prepared by the Management Board as well as the past year's financial statements.

## I. LIST OF OFFICES AND DUTIES EXERCISED IN OTHER COMPANIES BY CORPORATE OFFICERS DURING THE YEAR

The Company, as of 31 March 2021, was a public limited company governed by a Management Board and Supervisory Board. Its corporate officers were the following persons.

### Management Board

The Company's articles of association stipulate that the members of the Management Board are appointed by the Supervisory Board that sets the number, and appoints one of them to be the chairperson and determines their remuneration. These must be physical persons.

At 31 March 2021, the Management Board was composed of the following four members:

### Management Board members

Member name	Position within the Company	Term of office in the Company	Other offices currently held in other companies	
			Nature of office	Company
<b>Christophe Nobileau</b>	Management Board chairman	Date of appointment as member of the Management Board: 24 September 2020 Date of appointment as Chairman of the Management Board: 23 October 2020 End of term: 31 December 2023	None	None
<b>John Bert</b>	Member of the Management Board and Deputy Managing Director	Appointment date: 1 January 2016 End of term: 31 December 2023	None	None
<b>Luc Heninger</b>	Management Board member	Appointment date: 1 January 2016 End of term: 31 December 2023	None	None
<b>Thomas Barrau</b>	Management Board member	Appointment date: 29 June 2018 End of term: 31 December 2023	None	None

Term of office: 4 years

It should be noted that during the financial year, the resignation of Jürgen Goeldner from his position as Chairman and member of the Management Board of the Company was recorded by the Supervisory Board at its meeting of 23 October 2020. It also should be noted that between 1 July and 23 September 2020, Jean-François Busnel was a member of the Management Board of the Company.

### Supervisory Board

The Company's articles of association stipulate that the Supervisory Board is composed of at least 3 members and at most 18.

At 31 March 2021, the Supervisory Board was composed of Fabrice Larue, Tanguy de Francieu, Denis Thébaud and Tiphane Lamy.

On 16 April 2021, the Ordinary and Extraordinary General Meeting of Shareholders of the Company approved the appointment of Thaima Samman and Louise Tingström as independent members of the Supervisory Board.

Each proposal for nomination or renewal

of the term of a member of the Supervisory Board is subject to a separate resolution allowing the shareholders to freely decide on the composition of the Supervisory Board of the Company. Information on the experience and the skills of each member of the Supervisory Board is provided at the time of appointment for renewal of the term of each member of the Supervisory Board.

On 16 April 2021, the Supervisory Board had an equal representation of three men and three women.

### Supervisory Board members

Member name	Position within the Company	Term of office in the Company	Other offices currently held in other companies	
			Nature of office	Company
<b>Fabrice Larue</b>	Supervisory Board chairman	Appointment date: 27 July 2020  End of term: AGM 2022 for annual accounts 2021/2022	Chairman  Legal representative of FIFL, itself Chair of  Deputy Chair  Director	FIFL  FLCP  FLCP & Associés FLCP & Associés Invest  MCFL SAM  Monaco Mediapx
<b>Denis Thébaud</b>	Supervisory Board member	Appointment date: 06 January 2015  End of term: AGM 2021 for annual accounts 2020/2021	Chair and CEO Chairman Chairman Chairman CEO Director Director Manager Manager Manager Manager	Innelec Multimédia Innelec Technologies Jeux Vidéo & Co Numeric Pipeline Konix Interactive Xandrie publisher of Qobuz AC6 IDM Nabuboto SCI Innobot Participation Financière de L'Erdre MDA
<b>Tanguy de Francieu</b>	Vice Chairman of the Supervisory Board	Appointment date: 27 July 2020  End of term: AGM 2021 for annual accounts 2020/2021	Manager  Legal representative of Financière Beauvau, itself CEO	Financière Beauvau  FLCP FLCP Associés FLCP @Associés Invest
<b>Tiphane Lamy</b>	Supervisory Board member	Appointment date: 24 September 2020  End of term: AGM 2021 for annual accounts 2020/2021	None	None
<b>Louise Tingström *</b>	Supervisory Board member	Appointment date: 16 April 2021  End of term: AGM 2024 for annual accounts 2023/2024	None	None
<b>Thaima Samman *</b>	Supervisory Board member	Appointment date: 16 April 2021  End of term: AGM 2024 for annual accounts 2023/2024	None	None

Term of office: 3 years

\*appointed after the closing of the financial year, on 16 April 2021

It should be noted that, during the reporting period, the resignation of Georges Fornay, Christian Tellier and Claire Wanctin from their position as member of the Supervisory Board was recorded by the Supervisory Board at its meeting on 27 July 2020.

#### **Absence of conviction for fraud, association with bankruptcy or incrimination and/or official public sanction.**

To the knowledge of Focus Home Interactive, and on the date of preparation of this report:

- no convictions for fraud have been handed down in the last 5 years against any member of the any member of the Supervisory Board or General Management;
- none of the members of the Supervisory Board or General Management has been associated, during the last five years, with a bankruptcy, receivership

or liquidation, as a member of an administrative, management or supervisory body or as a General Manager;

- no official public incrimination and/or official sanction has been pronounced during the last five years against any member of the Supervisory Board or the of the Supervisory Board or General Management by statutory or regulatory authorities (including designated professional bodies);

- no member of the Supervisory Board, or member of General Management, has been prevented by a court of law from acting as a member of an administrative, management or supervisory body, or from intervening in the management or conduct of the business of an issuer.

#### **Other offices previously held outside the Group during the last five years**

Supervisory Board members	Nature of office	Company
<b>Fabrice Larue</b>	Legal representative of FIFL, Chairman of Legal representative of FIFL, Chairman of the Supervisory Board of Legal representative of Newen Studios, Chairman of Member of the Administrative Committee of Legal representative of Newen Studios, Chairman of Legal representative of Newen Studios, Chairman and member of the Administrative Committee of Director of the Board Co-manager Co-manager	New FLCP Newen Studios Newen Cup Holding Capa Développement 17 Juin Développement et Participations  Tuvalu Media Netherlands BV Radio Monaco SarI FIVL
<b>Tanguy de Francieau</b>	Member of the Strategic Committee Member of the Strategic Committee Member of the Administrative Committee Member of the Administrative Committee Member of the Board	Newweb Développement Factory Eleven Cup Holding 17 Juin Développement et Participations Tuvalu Media Netherlands BV
<b>Denis Thébaud</b>	Chairman	Innelec Services
<b>Tiphane Lamy</b>	Member of the Board	Tuvalu Media Netherlands BV
<b>Louise Tingström</b>	Chair of the Board	FinElk (UK, non-listed)
<b>Thaima Samman</b>	None	None
Management Board members	Nature of office	Company
<b>Christophe Nobileau</b>	Chairman Chairman Legal representative of the Chairman, Newen Distribution Chairman Legal representative of the Chairman, Studios de Marseille Legal representative of the Chairman, Studios de Marseille Chairman Member of the Administrative Committee and Deputy Director Member of the Board Director of Advisory Board	Editions Musicales Boxeur de Lune Newen Distribution Newen it all Studios de Marseille LVPB Studios de Sète Studios Post & Prod 17 Juin Développement et Participations Tuvalu Media Netherlands BV Newen Distribution UK
<b>John Bert</b>	None	None
<b>Luc Heninger</b>	None	None
<b>Thomas Barrau</b>	None	None

## II. RELATED-PARTY AGREEMENTS

### **Related-party agreements approved in previous years and still effective during the year ended 31 March 2021.**

The following related-party agreements continued to be performed during the last financial year:

#### **1. Agreement with Innelec Multimédia,**

of which Denis Thébaud (member of the Supervisory Board) is a majority shareholder, as he is a minority and indirect shareholder of Focus Home Interactive through his investment in Neology Holding:

Signature date: annual agreement under commercial conditions signed at the start of every year according to applicable regulations.

Type of agreement: commercial agreement.

Conditions during 2020/2021:

- Publicity expenses as part of our commercial agreements: €0
- Sale of finished products: €62.3K

This contract was renewed because Focus Home Interactive continues to distribute games in France, a market in which Innelec Multimédia operates.

#### **2. Related-party agreements entered into during the year ended 31 March 2020**

**Agreement with Deborah Bellangé,** a member of the company's Management Board until 31 January 2020:

Signature date: 10/12/2019

Type: Addendum to Ms Bellangé's employment contract

Conditions: The Company and Ms Bellangé signed an addendum to her employment contract. The addendum, which the Supervisory Board authorised after the fact on 12 December 2019 due to an omission, extended the territorial remit of the non-compete clause in Ms Bellangé's employment contract. This addendum modified the financial compensation for this clause from 33% to 50% of her monthly average salary over the 12 months prior to any termination of the employment contract.

**Agreement with Deborah Bellangé,** Management Board member until 31 January 2020:

Signature date: 17/12/2019

Type: Agreement on employment termination

Conditions: The Company signed an agreement on the termination of Ms Bellangé's employment. This agreement, approved by the Supervisory Board on 12 December 2019, terminated the employment contract between Deborah Bellangé and the Company with effect from 31 January 2020 and provided for, to the exclusion of any other financial obligation:

- the payment of compensation for contractual termination,
- the lifting of the presence condition applying to 3,000 shares allotted to Ms Bellangé by the Company on 11 October 2018, and
- the compliance with the non-compete clause in return for remuneration over 12 months as set out in her employment contract.

Amount recorded for the year ended 31 March 2021: €149.7K.

### **Related-party agreements entered into during the year ended 31 March 2021**

**Agreement with FLCP & Associés,** a shareholder indirectly holding a more than 10% of voting rights in the Company.

Signature date: 10/12/2020

Nature: contract for services

Methods: agreement for M&A services, to take part in the growth of the Company through possible acquisitions.

Amounts recorded for the year ended 31 March 2021: €77.3K.

#### **Agreement signed after the close of the year ended 31 March 2021**

No new related-party agreements have been signed since 31 March 2021.



### III. SUMMARY OF THE CURRENT POWERS DELEGATED BY THE GENERAL MEETING OF SHAREHOLDERS IN RELATION TO CAPITAL INCREASES

The table below shows the different financial powers delegated to the Management Board by the Ordinary and Extraordinary General Meeting of 16 April 2021:

Resolution	Duration of delegated power	Limit	Use
6 <sup>th</sup> resolution: authorisation to be given to the Management Board for the purchase by the Company of its own shares in accordance with Article L.22-10-62 of the French Commercial Code.	18 months	10% of the share capital	None
7 <sup>th</sup> resolution: Issue, with preferential subscription rights, of shares and/or transferable securities giving immediate or future access to equity or giving the right to a debt security or incorporation of profits, reserves, or premiums into the capital	26 months	two million seven hundred forty thousand and eight hundred euros (€2,740,800), i.e. 2,284,000 shares or one hundred and fifty million euros (€150M) in the case of bond issues	None
8 <sup>th</sup> resolution: Issue of shares and/or transferable securities giving immediate or future access equity or giving the right to a debt security, with elimination of the preferential subscription right without indication of beneficiaries and by public offering	26 months	two million one hundred thirty-one thousand and two hundred euros (€2,131,200), i.e. 1,776,000 shares or one hundred and twenty-five million euros (€125M) in the case of bond issues.	None
9 <sup>th</sup> resolution: Issue of shares and/or of transferable securities giving immediate or future access to equity or giving the right to a debt security, via the offering mentioned in Article L.411-2 1 of the French Monetary and Financial Code, limited to 20% of the share capital per year with elimination of the preferential subscription right without indication of beneficiaries	26 months	two million one hundred thirty-one thousand and two hundred euros (€2,131,200), i.e. 1,776,000 shares or one hundred and twenty-five million euros (€125M) in the case of bond issues.	None
10 <sup>th</sup> resolution: Issue of shares and/or transferable securities giving immediate or future access to equity, or giving the right to a debt security, with elimination of preferential subscription rights of shareholders for certain categories of beneficiaries	18 months	two million one hundred thirty-one thousand and two hundred euros (€2,131,200), i.e. 1,776,000 shares or one hundred and twenty-five million euros (€125M) in the case of bond issues.	18 May 2021: 1,050,000 shares
12 <sup>th</sup> resolution: Delegation of powers to be granted to the Management Board to decide on a cash capital increase reserved for employees who are members of a company savings plan in accordance with the provisions of Articles L.225-129-6 of the French Commercial Code and L.3332-18 et seq. of the French Labour Code, with the elimination of preferential subscription rights reserved for the benefit of Company employees		sixty-four thousand six hundred and eight euros (€64,608), or 53,840 shares	None
13 <sup>th</sup> resolution: Delegation of powers to be granted to the Management Board to decide, in the case of a public offering, on the issue of warrants on the free shares of the Company to be allotted to shareholders	18 months	100% of the share capital	None
15 <sup>th</sup> resolution: Reduction of the share capital of the Company by cancellation of shares	18 months	10% of the share capital per 24-month period	None

### IV. MIDDLENEXT RECOMMENDATIONS

At the date of this Financial Report, the Company refers to the Code of Corporate Governance for medium- and small-size companies, as published in September 2016 by Mollenext. It is also improving its internal control principles, taking inspiration from the frame of reference on risk management and internal control systems for medium- and small-size companies published by the AMF on 22 July 2010.

The table below presents the summary of Middlenext recommendations to which the Company adheres, and those that it envisages to follow in the future.

Recommendations of the MiddleNext Code	Applied	Not applied
<b>I. The power of "surveillance"</b>		
R1: Ethics of the Supervisory Board members	X	
R2: Conflicts of interest	X	
R3: Composition of the Supervisory Board members Presence of independent members on the Supervisory Board	X	
R4: Information on the Supervisory Board members	X	
R5: Meetings of the Supervisory Board and the committees	X	
R6: Establishment of committees		X
R7: Establishment of the internal regulation of the Supervisory Board <sup>(1)</sup>	X	
R8: Choice of each member of the Supervisory Board	X	
R9: Duration of the terms of the members of the Supervisory Board	X	
R10: Remuneration of the Supervisory Board members	X	
R11: Establishment of a system to evaluate the work of the Supervisory Board	X	
R12: "Shareholder" relations	X	
<b>II. The executive power</b>		
R13: Definition and transparency of the remuneration of the executive officers	X	
R14: Preparation of the succession of the "managers"		X <sup>(2)</sup>
R15: Cumulative employment contract and executive office	X	
R16: Retirement payments	X	
R17: Supplementary retirement schemes	X	
R18: Stock options and allotment of free shares	X	
R19: Review of vigilance points	X	

<sup>(1)</sup> The internal regulation of the Supervisory Board may be consulted at the registered office of the Company.

<sup>(2)</sup> The subject of succession will be recorded in the agenda of the Board so that this recommendation is followed in the future.

### **Independent members of the Supervisory Board**

The Company has two independent members, Thaima Samman and Louise Tingström, i.e. 33.33% of the total number of members of the Supervisory Board, and the Board considers that it complies with recommendation no. 3 of the Middlenext code, i.e.:

- an independent member of the management board must be neither an employee nor a managing corporate officer of the Company or of a company belonging to its group and not have been in the previous five years;
- must not have been, in the two previous years and must not have a significant business relationship with the company or its group (customer, supplier, competitor, service provider, creditor, etc.);
- must not be a major shareholder of the Company or hold a significant percentage of voting rights;
- must not be in a close or family relationship with a corporate officer or a major shareholder; and
- must not have been a statutory auditor of the Company in the six previous years.

## V. SUPERVISORY BOARD'S OBSERVATIONS ON THE MANAGEMENT REPORT PREPARED BY THE MANAGEMENT BOARD AND ON THE FINANCIAL STATEMENTS OF THE PAST YEAR

Ladies and gentlemen,

Under Article L. 225-68 of the French Commercial Code, the Supervisory Board must present to the Annual General Meeting its observations on the annual accounts drawn up by the Management Board as well as its management report.

The Management Board submitted the Company's financial statements to the Supervisory Board, along with the consolidated financial statements and the Management Board's report within the time prescribed by legal and regulatory provisions.

We examined the accounts submitted and discussed them with the external auditor.

The Company's financial statements for the year ended 31 March 2021 present the following principal entries:

- Assets: €122M (vs €90.9M at 31/03/2020)
- Revenue: €167M (vs €138M at 31/03/2020)
- Profit for the year €14.7M (vs €12.1M at 31/03/2020)

The consolidated financial statements for the year ended 31 March 2021 present the following principal entries:

- Assets: €119M (vs €89.9M at 31/03/2020)
- Revenue: €171M (vs €143M at 31/03/2020)
- Profit for the year: €13.3M (vs €13M at 31/03/2020)

Having checked and examined the Company's financial statements, the consolidated financial statements and the Management Board's report, we have no particular observation to make with regard to these documents.

### **Remuneration received by the non-managing corporate officers**

Other remuneration received by the non-management corporate officers		
Gross remuneration received (In euros)	31/03/2020 (12 months)	31/03/2021 (12 months)
<b>Fabrice Larue, Chairman of the Supervisory Board</b>		
Remuneration (fixed, variable)	None	None
Other remuneration	None	None
<b>Tanguy de Francieu, Vice-chair of the Supervisory Board</b>		
Remuneration (fixed, variable)	None	None
Other remuneration	None	None
<b>Tiphane Lamy, member of the Supervisory Board</b>		
Remuneration (fixed, variable)	None	None
Other remuneration <sup>(2)</sup>	None	None
<b>Denis Thébaud, member of the Supervisory Board</b>		
Remuneration (fixed, variable)	47,250	22,863
Other remuneration	None	None

The results obtained reflect the relevance of our strategy and the quality of the work accomplished by all teams under the guidance of the Chairman of the Management Board, Christophe Nobileau, and the other members of the Management Board, John Bert, Luc Heninger and Thomas Barrau.

We leave you now to allow you to consider how to vote on the resolutions that will be put to you.

Paris, 23 June 2021,



Supervisory Board

Fabrice Larue, Chairman of the Supervisory Board





**AUDITOR'S REPORT ON THE PARENT  
FINANCIAL STATEMENTS**



# AUDITOR'S REPORT ON THE PARENT COMPANY'S FINANCIAL STATEMENTS Year ended 31 March 2021

For the attention of the Annual General Meeting of Focus Home Interactive

## Opinion

In compliance with the assignment entrusted to us by the general meeting of shareholders, we have audited the accompanying consolidated financial statements of Focus Home Interactive for the year ended 31 March 2021.

In our opinion, the consolidated financial statements are, with regard to French accounting principles and rules, consistent and accurate and give a fair and true view of the of the past year's operational results as well as the financial position, assets and liabilities of all companies and entities under the group's consolidated accounting at the close of the year.

## Basis for opinion

### Audit framework

We performed our audit according to the standards of our profession applicable in France. We consider that we collected sufficient and relevant audit evidence to form the basis for our opinion.

Our responsibilities under these professional standards are stated in the "Auditor's responsibilities for the audit of consolidated financial statements" section of this report.

### Independence

We have performed our audit mission in compliance with

the rules governing independent auditors specified by the French Commercial Code and by the code of ethics of the profession of statutory auditors, over the period from 1 April 2020 to the date of issue of our report.

## Comment

Without negating the conclusion expressed above, we draw your attention to the accounting method change relating to the recognition of game development costs described in note 1.1 to these consolidated financial statements.

## Justification of assessments

The global crisis brought on by the COVID-19 pandemic created special conditions for the preparation and review of the financial statements for this financial period. The crisis and the extraordinary measures taken as part of the emergency health situation have provoked many consequences for businesses, especially for their activities, financing and the heightened uncertainties surrounding their future outlook. Some of these measures, such as travel restrictions and working from home, have also had an impact on the internal organisation of companies and on the arrangements for performing our work.

In accordance with the provisions of Articles L. 823-

9 and R. 823-7 of the French Commercial Code on the justification of our assessments, we inform you that the most important assessments we made, in our professional opinion, related to the appropriateness of the accounting principles applied, the reasonableness of the material estimates made and the presentation of the consolidated financial statements as a whole.

The assessments made form part of the audit of the consolidated financial statements as a whole and were decided under the conditions stated above. They contribute to the formation of our opinion stated above. We do not express any opinion on specific items taken in isolation from these consolidated financial statements.

## Specific verifications

In accordance with the standards of our profession applicable in France, we performed specific verifications, required under laws and regulations, on information pertaining to the group which is provided in the management report approved by the Management Board.

We have no remarks to make concerning the information's accuracy and consistency with the consolidated financial statements.

## Responsibilities of management and of the persons charged with governance with respect to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair image of the business in accordance with French accounting rules and principles, as well as for establishing the internal control it deems necessary to ensure the consolidated financial statements do not contain material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements,

management must assess the company's ability to continue as a going concern, disclose in these statements, as applicable, the necessary information related to a going concern and use the going-concern basis of accounting unless the company is expected to be liquidated or cease its operations.

The consolidated financial statements have been approved by the Management Board.

## Auditor's responsibilities for the audit of consolidated financial statements

It is our responsibility to prepare a report on the consolidated financial statements. Our objective has been to obtain reasonable assurance that the consolidated financial statements as a whole do not contain any material misstatement. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with professional standards will systematically detect every material misstatement. Misstatements may be the result of fraud or error and are considered material when it can be reasonably expected that they could, individually or in the aggregate, influence the financial decisions of users taken on the basis of the financial statements.

As stipulated by Article L. 823-10-1 of the French Commercial Code, our audit of these financial statements does not include a guarantee on the viability or quality of the management of the company.

As part of an audit conducted in accordance with the professional standards applicable in France, the auditor exercises professional judgement throughout the audit. Furthermore,

- the auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, designs and performs audit procedures responsive to these risks, and collects audit evidence deemed relevant and sufficient to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error because fraud can involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- the auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- he evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- it assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cast doubt on the company's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to place a qualification on their opinion or refuse to sign off on the statements;
- the auditor evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- he obtains sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the scope of consolidation to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Vélizy-Villacoublay and Paris-La Défense, 15 July 2021

Auditors

**Gatti Conseil**  
Bertrand Gatti

**Deloitte & Associés**  
Julien Razungles





**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**



# CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

[Inin thousands of euros]

## I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/03/2021			31/03/2020	Net change
		Gross	D&A	Net	Net	
Subscribed capital not called						
Goodwill	3.1	6,258	(51)	6,207		6,207
Intangible assets	3.2	94,131	(26,472)	67,659	14	67,645
Property, plant & equipment	3.3	2,126	(1,411)	716	661	55
Financial assets	3.4	1,434	(1)	1,434	310	1,123
<b>Total Non-Current Assets</b>		<b>103,949</b>	<b>(27,934)</b>	<b>76,015</b>	<b>985</b>	<b>75,030</b>
Inventory and works in progress	3.5	1,771	(245)	1,526	585	941
Trade receivables	3.6	15,412	(31)	15,381	14,534	847
Other receivables, accruals and deferrals	3.7	6,736		6,736	54,083	(47,347)
Cash and cash equivalents	3.8	19,497		19,497	19,639	(142)
<b>Total Assets</b>		<b>147,365</b>	<b>(28,211)</b>	<b>119,155</b>	<b>89,826</b>	<b>29,329</b>

	Note	31/03/2021	31/03/2020	Net variation
Capital		6,396	6,369	27
Share premium		22,369	22,311	59
Reserves		26,493	12,955	13,538
Profit(loss) for the year		13,278	13,040	238
<b>Total Equity</b>	<b>3.9</b>	<b>68,537</b>	<b>54,675</b>	<b>13,862</b>
Provisions	3.11	1,704	646	1,058
Borrowings and financial debt	3.12	12,516	1,661	10,855
Trade payables	3.13	23,416	21,595	2,299
Other payables, accruals and deferrals	3.14	12,981	11,248	1,241
<b>Total Liabilities</b>		<b>119,155</b>	<b>89,826</b>	<b>29,329</b>

## II. CONSOLIDATED INCOME STATEMENT

	Note	31/03/2021		31/03/2020		Variation	Variation %
Revenue	3.15	170,996	100%	142,791	100%	28,204	20%
Cost of goods sold	3.16	(96,270)		(74,321)		(21,949)	30%
Game development costs	3.16	(24,374)		(24,438)		64	0%
Other income	3.17	750		0		750	
<b>Gross profit</b>		<b>51,102</b>	<b>30%</b>	<b>44,033</b>	<b>31%</b>	<b>7,069</b>	<b>16%</b>
Production costs	3.18	(7,425)		(5,427)		(1,998)	37%
Sales and marketing expenses	3.19	(10,316)		(12,980)		2,663	-21%
General and administration expenses	3.20	(8,607)		(6,549)		(2,058)	31%
Other operating income (expenses)		72		134		(62)	
<b>Income from operations</b>		<b>24,826</b>	<b>15%</b>	<b>19,211</b>	<b>13%</b>	<b>5,614</b>	<b>29%</b>
<b>Financial result</b>	<b>3.23</b>	<b>(1,677)</b>	<b>-1%</b>	<b>(116)</b>	<b>0%</b>	<b>(1,561)</b>	
<b>Recurring income of consolidated companies</b>		<b>23,149</b>	<b>14%</b>	<b>19,095</b>	<b>13%</b>	<b>4,053</b>	<b>21%</b>
<b>Extraordinary result</b>	<b>3.24</b>	<b>(3,049)</b>		<b>(40)</b>		<b>(3,010)</b>	<b>7555%</b>
Income tax	3.26	(6,821)		(6,015)		(806)	13%
<b>Net income before amortisation of goodwill</b>		<b>13,278</b>	<b>8%</b>	<b>13,040</b>	<b>9%</b>	<b>238</b>	<b>2%</b>
<b>Consolidated net income</b>		<b>13,278</b>	<b>8%</b>	<b>13,040</b>	<b>9%</b>	<b>238</b>	<b>2%</b>
<b>Net income (attributable to the group)</b>		<b>13,278</b>	<b>8%</b>	<b>13,040</b>	<b>9%</b>	<b>238</b>	<b>2%</b>
Earnings per share	3.25	2.50		2.46			
Diluted earnings per share	3.25	2.38		2.43			

## III. STATEMENT OF CHANGES IN EQUITY

	Capital	Share premium	Reserves reserves	Profit/loss	Equity attributable to group	Equity
<b>Equity as of 31/03/2019</b>	<b>6,300</b>	<b>21,625</b>	<b>8,652</b>	<b>7,974</b>	<b>44,552</b>	<b>44,552</b>
Allocation to reserves			7,974	(7,974)	0	0
Dividends distributed			(3,471)		(3,471)	(3,471)
Income for the year				13,040	13,040	13,040
Capital increase	68	685	(33)		720	720
Other transactions			(191)		(191)	(191)
FX translation reserve			24		24	24
<b>Equity as of 31/03/2020</b>	<b>6,369</b>	<b>22,311</b>	<b>12,955</b>	<b>13,040</b>	<b>54,675</b>	<b>54,675</b>
<b>Equity as of 31/03/2020</b>	<b>6,369</b>	<b>22,311</b>	<b>12,955</b>	<b>13,040</b>	<b>54,675</b>	<b>54,675</b>
Allocation to reserves			13,040	(13,040)	0	0
Dividends distributed					0	0
Profit(loss) for the year				13,278	13,278	13,278
Capital increase	27	39			66	66
Other transactions		20	642		662	662
FX translation reserve			(145)		(145)	(145)
<b>Equity as of 31/03/2021</b>	<b>6,396</b>	<b>22,369</b>	<b>26,493</b>	<b>13,278</b>	<b>68,537</b>	<b>68,537</b>

"Capital increases" include the exercises of warrants, stock options, and the definitive vesting of free shares for €27K and for €39K of share premiums.

"Other transactions" concerns the cancellation of treasury stock held as part of the liquidity contract and stock buyback programme, and the payment in shares as part of the acquisition of Deck 13.

## IV. CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Note	31/03/2021	31/03/2020
<b>Net income of consolidated companies</b>		<b>13,278</b>	<b>13,040</b>
- Net change in D&A and provisions <sup>(1)</sup>		25,813	426
- Change in deferred taxes	3.7	(452)	220
- Gains (losses) from disposals		25	0
<b>Cash flow before working capital changes</b>		<b>38,665</b>	<b>13,687</b>
- Change in working capital		(1,713)	(11,313)
Of which change in inventory	3.5	(941)	456
Of which change in receivables	3.6 / 3.7	2,465	(19,597)
Of which change in payables	3.12/3.13	(3,236)	7,827
<b>Net cash provided by (used in) operating activities</b>		<b>36,952</b>	<b>2,374</b>
Purchases of property, plant, equipment and intangible assets	3.2 / 3.3	(40,521)	(264)
Other purchases net of disposed financial assets	3.4	(1,123)	27
Net cash resulting from acquisitions of subsidiaries		(6,186)	0
<b>Net cash provided by (used in) investing activities</b>		<b>(47,829)</b>	<b>(238)</b>
Dividends paid <sup>(2)</sup>		0	(2,762)
Capital increase	3.9	66	11
Issuance of debt	3.12	14,010	1,000
Retirement of debt	3.12	(3,164)	(521)
Liquidity contracts		27	(191)
<b>Net cash provided by (used in) financing activities</b>		<b>10,940</b>	<b>(2,463)</b>
Effect of exchange rate changes		(203)	(37)
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(142)</b>	<b>(363)</b>
Cash and cash equivalents at beginning of year <sup>(3)</sup>		19,639	20,001
Cash and cash equivalents at end of year <sup>(3)</sup>		19,497	19,639
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(142)</b>	<b>(363)</b>

<sup>(1)</sup> Excluding provisions on current assets.

<sup>(2)</sup> Dividends paid in cash.

<sup>(3)</sup> Cash and cash equivalents represents cash net of overdrafts, excluding cash instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## A. PRESENTATION OF THE GROUP

Founded in 1995, Focus Home Interactive is a French video game publisher that produces and releases successful original video games on multiple platforms across the globe. Focus Home Interactive supports development studios in the production of games and ensures the proper publicity and marketing of those games.

The Group became a public limited company on 6 January 2015, converting from its previous form as a simplified

joint-stock company. Its registered office is located at Parc de Flandre "le Beauvaisis" Bâtiment 28 – 11, Rue Cambrai, 75019 Paris, France. It is registered in the Trade and Companies Registry of Paris under number 399 856 277.

The Group has been listed on the Euronext Growth stock exchange since February 2015 (ticker: ALFOC).

## B. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Focus Home Interactive Group have been prepared in accordance with the provisions of CRC regulations no. 2016-08 of 2 December 2016, no. 2015-07 of 23 November 2015 and no. 2005-10 of 3 November 2005 relating to the update of CRC regulation no. 99-02 of 29 April 1999 on the consolidated financial statements of commercial companies and public enterprises.

### 1. Accounting framework

General accounting conventions have been applied, with due regard to the cautionary principle, in accordance with the underlying assumptions of:

- A going concern
- Continuity of accounting methods from one period to the next
- Independence of periods

And according to the general rules on the preparation and presentation of consolidated financial statements.

Unless stated otherwise, the figures are stated in thousands of euros.

#### 1.1. Change in accounting method

The Group reviewed the presentation of its financial statements and decided to carry out a change to the accounting method in the classification of certain balance sheet items, which would not have any impact on its income statement:

- The Group decided to record video game investments, whether developed by partner studios or its German studio Deck13, under intangible assets. These investments were previously placed under "Other receivables" but can now be directly identified in intangible assets under the non-current assets section of the balance sheet rather than under the current assets section. This decision allows assets to be more readily understandable on the whole by presenting actual current assets as well as improving the readability of the statement of cash flows.
- Now, amounts paid to the studios as part of the financing of games in development are amortised over the estimated life of the games, which is between 12 and 24 months depending to the pace of sales. This amortisation, entered in gross profit like royalties, is calculated according to the same rule as in previous years.

A restatement table demonstrates this change in method by showing the financial position on 31 March 2020 according to the former method, adjustments made, and the financial position according to the new method. All notes to statement of financial position at 31 March 2021 are presented on the basis of the restated amounts at 31 March 2020 as shown in the table below:

## ASSETS AT 31 MARCH 2020

	31/02/2020	Impact of the change in method	31/03/2020
	Net published		Net restated
Subscribed capital not called	0	0	0
Goodwill	0	0	0
Intangible assets	14	48,246	48,260
Property, plant & equipment	661	0	661
Financial assets	310	0	310
<b>Total Non-Current Assets</b>	<b>985</b>	<b>48,246</b>	<b>49,231</b>
Inventory and works in progress	585	0	585
Trade receivables	14,534	0	14,534
Other receivables, accruals and deferrals	54,083	(48,119)	5,964
Marketable securities	0	0	0
Cash and cash equivalents	19,639	0	19,639
<b>Total Assets</b>	<b>89,826</b>	<b>127</b>	<b>89,952</b>

## LIABILITIES AND EQUITY AT 31 MARCH 2020

	31/02/2020	Impact of the change in method	31/03/2020
	Net published		Net restated
Capital	6,369		6,369
Share premium	22,311		22,311
Reserves	12,955		12,955
Profit(loss) for the year	13,040		13,040
<b>Total Equity</b>	<b>54,675</b>		<b>54,675</b>
Provisions	646		646
Borrowings and financial debt	1,661		1,661
Trade payables	21,595	(365)	21,230
Other payables, accruals and deferrals	11,248	492	11,740
<b>Total Liabilities</b>	<b>89,825</b>	<b>127</b>	<b>89,952</b>

## Definitions and alternative performance indicators:

### Definition of gross profit:

The Group defines gross profit as sales minus the sum of the cost of goods sold and game development costs. The cost of goods sold and game development are defined in note 1.15.

The table below shows the modifications made to the calculation of gross profit by showing how the gross profit on 31 March 2020 would have been under the new accounting method.

	Note	31/03/2021		31/03/2020 Restated		Published 31/03/2020		Restated Variation	Published Variation
Revenue	3.15	170,996	100%	142,791	100%	142,791	100%	28,204	28,204
Cost of goods sold	3.16	(96,270)		(74,321)		(98,759)		(21,949)	2,488
Game development costs	3.16	(24,374)		(24,438)				64	(24,374)
Other income included in gross margin	3.17	750		0				750	750
<b>Gross profit</b>		<b>51,102</b>	<b>30%</b>	<b>44,033</b>	<b>31%</b>	<b>44,033</b>	<b>31%</b>	<b>7,069</b>	<b>7,069</b>

### Definition of EBITDA:

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is the income from operations before provisions for liabilities and charges, depreciation of current assets and before provisions and amortisation of tangible and intangible assets. The Group considers EBITDA as an alternative performance indicator since there is no standard definition of its primary parameters. The Group has chosen to present this metric with a description in note 1.21.

## 1. 2. Key events over the year

### 1.2.1. Finances

For the year ended 31 March 2021, Focus Home Interactive recorded a 20% increase in its revenue, standing at €171M, compared with the €142.8M over the previous twelve-month period.

The revenue for the 2020/21 financial period draws largely on the success of new titles such as "SnowRunner", "Hardspace: Shipbreaker" and "Curse of the Dead Gods", as well as the very strong performance of the back catalogue, which benefited from a fantastic portfolio of successful games such as "Farming Simulator", "WWZ", "A Plague Tale: Innocence", "Greedfall" as well as from the strong performance of digital business activities during the health crisis.

With regard to operational profitability, the gross profit came to €51M, a growth of 16% compared with the previous year's gross profit of €44M. The gross margin for the year was 30% compared with 31% the year before. The operating profit grew 29% to €24.8M. It had been €19.2M for the year ended 31 March 2020.

After taking into account a financial loss of €1.7M, an extraordinary loss of €3.0M and a corporate tax charge of €6.8M, the net profit for the year is €13.3M, compared with the previous year's profit of €13M.

Company assets rose from €89.8M on 31 March 2020 to €119.2M on 31 March 2021. Meanwhile, equity grew from €54.7M on 31 March 2020 to €68.5M on 31 March 2021.

Net intangible assets increased by €19.4M compared with the year ended 31 March 2020 due to the change in accounting method, whereas net property, plant & equipment increased by €55K over the same period.

The Group held a net cash position of €7M on 31 March 2021.

### External growth

On 23 June 2020, the Group finalised its acquisition of 100% of the share capital of the German company Deck13 Interactive GmbH ("Deck 13")<sup>1</sup>.

Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition involved a total cost of €7.1M (including €6.5M in cash from a new bank financing facility<sup>2</sup> and €600k in the Company's treasury stock) combined with a long-term incentive plan for the directors as described in section 3.10 of the notes to the consolidated financial statements. The shares to be delivered at the end of the vesting period will be issued from a capital increase.

Deck 13 became the first studio to be fully brought into the Group on 1 July 2020.

The impact of Deck13 on the financial statements as of 31 March 2021 was immaterial so no comparative information is presented.

### **Establishment of a new free share distribution plan and reallocation of treasury stock**

On 17 December 2020, the Company announced the establishment of a free share allotment plan for the four members of the Executive Committee, which would be linked to performance. In accordance with the 10<sup>th</sup> resolution of the Ordinary and Extraordinary General Meeting of 22 September 2020 authorising the issue of a maximum of 200,000 free shares, Focus Home Interactive's Supervisory Board authorised the Group's Management Board to establish a performance-based free share allotment plan.

The first beneficiaries of the plan are the following three Management Committee members: John Bert (Chief Operations Director), Luc Heninger (Chief Production Officer) and Thomas Barrau (Chief Marketing Officer). The newly issued shares will be acquired by the beneficiaries over a four-year period, on the condition that the beneficiary remain with the Group and achieve specific performance goals. Moreover, these members of the Management Board made a commitment to retain any ordinary shares currently held for a period of between four and six years.

On 26 January 2021, the Supervisory Board of Focus Home Interactive authorised the Management Board of the Group to put in place a free performance share plan involving the allotment of a maximum of 75,375 shares for the 35 key managers of the Company, in compliance with the authorisation to allot a maximum of 200,000 shares that was approved by the Ordinary and Extraordinary General Meeting of 22 September 2020.

The Management Board, acting on the power delegated by the General Meeting, also reallocated 20,000 treasury shares, representing a portion of the shares acquired under the stock buyback programme of Focus Home Interactive. The original intention was to retain these shares for later use as payment for any external growth transactions. They will now be earmarked for the implementation of plans involving stock options, warrants, free shares and employee shareholding operations reserved for members of a company savings plan, in accordance with current legal provisions, or the transfer of shares to the employees and/or managing executives of the Company and of the companies that are linked to it.

<sup>1</sup> See the press release issued on 25 June 2020, available on the Company's website.

<sup>2</sup> As part of its development and acquisition strategy, Focus Home Interactive received a total of €46M in financing from five banking establishments and BPI France Financement in early February 2020. For more details, see section 1.2.1 of the Company's 2019-2020 annual report.



### **Implementation of a stock buyback programme**

Having received the prior authorisation of the Supervisory Board, the Company's Management Board met on 20 January 2021 to implement a stock buyback programme based on Resolution Nine of the Ordinary and Extraordinary General Meeting of 22 September 2020. On the basis of the authorisation, the Board entrusted the buyback of the Company's shares to an investment services provider.

This investment services provider is permitted to buy a total number of 250,000 shares on any dates it deems appropriate and under the price conditions set out by said General Meeting. The programme will expire on 21 March 2022. Section IV.7 of this report contains further details on the transactions performed as part of this stock buyback programme. For sake of clarity, this decision does not affect the execution of the liquidity contract signed between the Group and Bourse Gilbert Dupont.

As of 31 March 2021, Focus Home Interactive had bought back 127,753 of its shares under its buyback programmes (including 11,809 shares purchased under

the 20 January 2021 programme). A year ago, the number of shares bought back was 151,759. Share sales also occurred during the financial period involving 36,015 shares, of which 27,099 were used to acquire the company Deck 13 Interactive, to pay for a portion of the company's shares and 8,916 were distributed to employees of the company Focus Home Interactive as part of an incentive plan including a free share plan.

### **Deposits, sureties and guarantees**

At its meeting on 23 June 2020, the Management Board authorised its chairman to give, in the name of the Company, any deposits, sureties or guarantees up to a limit of €23.5 million to bank institutes, subject to the condition precedent of the Company signing the share purchase agreement with Deck13 Interactive.

### **End of URSSAF audit**

On 26 December 2019, the Group was notified of an audit covering the years 2017 and 2018 being opened by the URSSAF (French social security agency) for the end of January 2020. The audit ended on 20 November 2020 and resulted in an immaterial adjustment.

## **1.2.2. Legal issues**

### **Change of primary shareholders**

On 8 July 2020<sup>3</sup>, Nabuboto and Innelec Multimédia (Thébaud Group), a leading shareholder of the Company, signed a contract in which they sold their entire holdings of 1,883,218 shares (35.48% of the capital) to Neology Holding, a subsidiary of FLCP & Associés. Under the terms of the contract, Nabuboto reinvested €11.3M in Neology Holding.

### **Change of governance – Composition of the Supervisory Board and Management Board**

#### **Supervisory Board**

At its meeting of 27 July 2020, the Company's Supervisory Board noted the resignations of Georges Fornay, Christian Tellier and Claire Wanctin. The Supervisory Board co-opted Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as new members of the Supervisory Board for Focus Home Interactive. Mr Larue was also appointed Supervisory Board Chairman, replacing Denis Thébaud who had resigned from the position. The Supervisory Board then comprised four members: the three members co-opted on the proposal of Neology Holding and Denis Thébaud. On 22 September 2020, the General Meeting of Shareholders ratified the appointment of Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as Supervisory Board members.

At its meeting on 24 September 2020, the Supervisory Board co-opted Tiffany Lamy to be a member of the Supervisory Board to replace Christophe Nobileau, who resigned.

As of the date of this report, the Supervisory Board has the following members:

- Fabrice Larue – appointed on 27 July 2020 (Chairman of the Supervisory Board);
- Tiphane Lamy – appointed on 24 September 2020;
- Tanguy de Franclieu – appointed on 27 July 2020;
- Denis Thébaud – appointed on 6 January 2015;
- Louise Tingström – appointed on 16 April 2021; and
- Thaima Samman – appointed on 16 April 2021.

<sup>3</sup> See the press release issued on 8 July 2020, available on the Company's website.

### **Management Board**

At its meeting of 24 September 2020, the Supervisory Board noted the resignation of Jean-François Busnel from his position as Management Board member. Christophe Nobileau was appointed to replace Mr Busnel as a member of the Management Board, and he was also appointed Managing Director of the Company.

On 23 October 2020, Christophe Nobileau resigned from his position as Chief Executive Officer of the Company and was appointed Chairman of the Management Board to replace Jürgen Goeldner, who announced his resignation from his role as Chairman of the Management Board for personal reasons. He became Senior Advisor to the

Management Board and has worked on the M&A strategy.

As of the date of this report, the Management Board has the following members:

- Christophe Nobileau was appointed Management Board member on 24 September 2020 and chairman of the Management Board on 23 October 2020;
- John Bert – appointed on 1 January 2016.
- Luc Heninger – appointed on 1 January 2016; and
- Thomas Barrau – appointed on 29 June 2018.

### **Executive Committee**

Starting 24 September 2020, an Executive Committee was put in place within the Company.

On 4 January 2021, John Bert was appointed Managing Director and, on 14 January 2021, the company announced Philippe Perthuis would be joining the Executive Committee in the role of Secretary General and Chief Business Model Officer. At the date of this report, this committee was composed of the following:

- Christophe Nobileau – Chairman of the Management Board;

- John Bert – Deputy Managing Director and Management Board member;
- Luc Heninger – Chief Production Officer and Management Board member;
- Thomas Barrau – Chief Marketing Officer and Management Board member;
- Jean-François Busnel – Chief Financial Officer; and
- Philippe Perthuis, Secretary General and Chief Business Model Officer.

### **European Commission investigation**

The Company received a statement of objections from the European Commission in April 2019 as part of its investigation opened on 2 February 2017 in relation to agreements between Valve Corporation, owner of the video game distribution platform Steam, and five video game publishers including Focus Home Interactive.

The complaints essentially revolved around technical and contractual restrictions that would have allegedly limited the circulation of PC games in Europe.

On 9 November 2020, the Company announced<sup>4</sup> that it

was able to estimate the amount of the fine that would be imposed by the European Commission. This amount, corresponding to a maximum risk estimated at €3M, was entered in the financial statements at 30 September 2020 as a provision for liabilities.

On 20 January 2021, the Company was informed by the European Commission that the Company would be fined €2.9 million. As the provision for liabilities was no longer applicable, it was written back, and the fine was recognised as a payable at 31 March 2021.

## **1.2.3. Operations**

With more than 1 million copies sold in less than one month, SnowRunner, developed with the studio Saber, was the highlight of the beginning of 2020/21 year and continues to generate significant revenue with the regular contribution of additional content.

Due to the public health context, there were fewer new releases during this financial year. However, Focus Home Interactive and its partners continued to release titles such as Othercide, Hardspace: Shipbreaker (Early Access), MudRunner Mobile, Shady Part of Me

and Curse of the Dead Gods.

These games were all praised by the media and players, demonstrating once again the high quality of the Focus Home Interactive team and its partner studios. The back catalogue, up by 63%, was a major part of the revenue of this financial year. Flagship licenses such as World War Z, Farming Simulator and Insurgency: Sandstorm, all had new content, thereby extending the gaming experience and generating recurring revenue.

<sup>4</sup>See the press release issued on 9 November 2020, available on the Company's website.

## 1.3. Events after 31 March 2021

### Changes in the Group's governance

Following the General Meeting of Shareholders of the Company of 16 April 2021, the composition of the Supervisory Board was amended to include two new independent members and thus balance the ratio of men and women among the members of the Supervisory Board.

### External growth

On 20 April 2021, the Group announced the acquisition of the majority of the shares comprising the capital of the company Streum On Studio, paid in cash and in Focus Home Interactive shares. Streum On Studio is a leading French game development studio and has been a strong partner of the Group since 2013.

Streum On Studio, with a team of approximately 20 talented employees, has specialised in shooting games since it was created in 2007 and is owner of the E.Y.E. game license. Divine Cybermancy was an immediate hit with players as soon as it was released.

## 1.4. Use of estimates

The preparation of financial statements requires estimates and assumptions that could affect the book value of certain items on the balance sheet or income statement; they can also have impacts on disclosures in some of the notes to the financial statements.

The Group regularly reviews these estimates and assessments to take into consideration past experience and other factors deemed relevant under the persisting economic conditions.

The estimates, assumptions and assessments are based on the information or circumstances existing at the date

## 1.5. Non-current assets

Intangible assets are mostly investments made to studios as part of the contractual acquisition of publication and distribution rights over games, and other investments in games, whether or not the Group acquires the intellectual property (IP) of the game. These contracts can include minimum royalty guarantees and/or payments of funds depending on the predetermined schedule. The payments are conditional on the achievement of development stages called Milestones.

Once a game is launched, the total investment is amortised over the estimated life of the game, generally between 12 and 24 months. This amortisation may be modified if expected sales are not able to recover the initial payment that is a guaranteed minimum for the developers. The contracts also specify the payment of royalties depending on game sales. Where royalties to be paid exceed the guaranteed minimum, Focus records them as expenses in the income statement.

### Capital increase

By decision of the Chairman of the Management Board of the Company, using the sub-delegation granted to him by the Management Board at its meeting of 18 May 2021, pursuant to and within the limits of (i) the authorisation granted to the Management Board by the Supervisory Board and (ii) the delegation of authority granted by the tenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021, the Company issued 1,050,000 new ordinary shares, with a par value of €1.20 each, to categories of beneficiaries, in accordance with Article L. 225-138 of the French Commercial Code and the tenth resolution adopted by the Company's Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021.

This capital increase was carried out with elimination of the preferential subscription right for shareholders of the Company for a category of shareholders for an amount of €70.35M in an accelerated bookbuilding process.

the accounts were prepared. However, these could prove to differ from reality as time passes.

The main estimates and hypotheses relate, in particular, to the following:

- The valuation of intangible assets in particular games,
- The determination of provisions for liabilities and charges,
- The provisions for depreciation of inventory.

Intangible assets also include game developments by the German subsidiary Deck13.

Other non-current assets are valued at their acquisition price, including any ancillary costs directly attributable to them.

Depreciation and amortisation are calculated on the asset's expected useful lifespan:

- Concessions, patents, licences: 3 years straight line
- General equipment, fixtures and fittings: 8-10 years straight line
- Office materials and computers: 3-5 years straight line
- Office furniture: 5-8 years straight line

Non-current assets can also be the subject of impairment when, due to events or circumstances during the year, their fair value becomes permanently less than their net book value.

## 1.6. Financial assets

Financial assets include in particular:

- deposits and sureties relating to outstanding borrowings and leases,
- the liquidity account available to the company Gilbert Dupont (as part of the liquidity contract) which had not, as of 31 March 2021, been invested in Company shares.

When the book value is less than the gross value, a provision for impairment is established equal to that difference. As part of the stock buyback programme, the provision for impairment is eliminated from the consolidated accounting.

## 1.7. Inventory

Inventory is valued using the weighted average cost method.

The gross value of finished products and merchandise comprises the manufacture or purchase price and ancillary expenses including manufacturing fees paid to console manufacturers.

A provision for depreciation is recorded, calculated product by product on the basis of obsolescence, turnover ratio and the sale potential of the inventory.

Each year, the Group writes back the entire provision of the previous year and calculates a new provision for the year.

With regard to sales by consignment in certain countries outside France, the consigned games remain the property of FHI and are recorded under inventory until sold by the distributor.

## 1.8. Trade receivables

Trade receivables are recorded at face value. A provision for impairment is recorded when the book value of the receivables shows a risk of non-recovery. The book value is assessed on a case-by-case basis according to the age of the receivable and the customer's situation.

## 1.9. Other receivables

Other receivables are mainly composed of other tax and employee-related receivables.

## 1.10. Currency operations

The Group applies Regulation 2015-05 of the French Accounting Standards Authority (ANC) on futures and hedging operations.

The currency operations are recorded at the monthly average rate of the month in which they are conducted.

Credits and debts not expressed in euros are converted at the exchange rate at the close to be incorporated into the balance sheet. Currency translation differences are recorded appropriately in the assets or liabilities of the statement of financial position.

The Group regularly conducts operations to hedge currency risks. Such hedges relate to collections in USD

and GBP, and are entered into according to the expected USD and GBP inflows which are revised during the year.

As of 31 March 2021, the Company held outstanding hedge contracts for the purchase commitments of GBP 750K and sale commitments of USD 11M. The guaranteed rates of the different contracts are as follows:

- For purchase contracts in GBP (countervalue in EUR): between GBP 0.903 and GBP 0.923 for 1 euro
- For sale contracts in USD (countervalue in EUR): between USD 1.1875 and USD 1.212 for 1 euro

## 1.11. Provision for liabilities

A provision is recognised when the following three conditions are met:

- there is a current obligation (legal or implied) resulting from a past event,
- settlement of the obligation will probably require an outflow of resources representing economic benefits,

a reliable estimate can be made on the amount of the obligation.

A provision for liabilities has been established for the risk of returned merchandise from customers. This provision is assessed by offsetting the profit margin made on the sales of games presenting a possibility of clearance and those remaining in stock at main customer outlets, based on the return rate assessed for each title according to its sales performance.

## 1.12. Provision for charges

The provision for charges mainly concerns pension benefits. French employees of the Group receive pension benefits under French regulations:

- receipt of a retirement payment from the Group at the time of retiring (defined benefits scheme);
- payment of a pension by social security bodies, which are funded by the company and employee contributions (defined contributions scheme).

Retirement schemes, related compensation and other company benefits that are addressed as defined benefits schemes (scheme whereby the Group guarantees a defined benefit amount or level) are recorded on the balance sheet on the basis of an actuarial assessment of the commitments at the close of the year, less fair value of the relevant scheme's assets dedicated to those commitments.

This appraisal rests notably on assumptions relating to salary changes, retirement ages and on the use of the projected unit credit method, as well as taking into

account staff turnover and mortality rates.

The Group's payments to the defined contributions schemes are recorded as expenses in the income statement for the period to which they relate.

The retirement commitments as of 31 March 2021 were calculated according to the following assumptions:

- All employees under a permanent contract;
- Discount rate: 0.73%;
- Salary increase rate 3%;
- Mortality table: INSEE TV/TD 2011-2013.

The calculation method applied is the retrospective method: projected unit credit method with end-of-career employees (entitlement to compensation on the current date with discounted end-of-career salaries).

This compensation is calculated on the voluntary retirement of employees at 65 years of age in accordance with the provisions of the collective bargaining agreement in force with the Group.

## 1.13. Deferred income

Deferred income comprises advances paid by customers for pre-launch games. Such income is recognised in revenue at the time of marketing the game in the territory covered by the distribution contract under which the advance payments are made.

## 1.14. Revenue

The Group's revenue is exclusively composed of the physical and digital sale of video games.

**a) Physical products (retail sales):** The sales of physical products are recorded on the date ownership of the game passes to the customers. This amount is net of discounts, rebates and commissions granted to the distributors.

**b) Digital products (digital sales):** Sales of downloaded games are recorded at the time of download by the end customer through the Group's websites or the download platforms of third parties (digital distributors). This amount is net of discounts, rebates and commissions granted to the distributors.

## 1.15. Cost of goods sold and game development costs

The cost of goods sold comprises the following external costs:

- the royalties owed to game development studios for each video game, including additional royalties representing a percentage of a game's profits, once advances and production costs are recovered.
- the production cost of goods sold, including manufacturing fees paid to console manufacturers,
- the royalties due to third parties with title to the licence when the studio is not owner of the licence,
- provisions on inventory,
- transportation costs,
- the provisions on risks of returned merchandise from customers and game depreciation (see 1.11).
- costs relating to transferred games: in the event the Group transfers its rights over a game in which it has already invested. The relevant expense incurred is then recorded in costs relating to transferred games.

Game development costs comprise, firstly, the amortisation charge on contractual financing paid to the studios before and after the launch of a game and, secondly, any costs incurred in cancelled games. The Group may sometimes invest in mock-ups or production starts of games. If the commercial value of the game does not justify investment in its further development, the game is not marketed and the relevant expense incurred is recorded in costs relating to cancelled games.

Refer to note 1.5 for information on the amortisation of developments costs for games that reach the market.



## 1.16. Other income

This item includes trademark assignments

## 1.17. Production costs

This entry includes the expenses of production monitoring teams, including salaries, expenses, ancillary costs and external production costs (localisation, labelling, quality control testing).

## 1.18. Sales and marketing expenses

This entry includes all expenses relating to selling and marketing, including the salaries, expenses and ancillary costs of the sales & marketing teams, as well as the various external costs incurred in the selling and marketing of games.

## 1.19. General and administration expenses

These expenses comprise all administrative expenses and general costs, including the salaries and expenses of administrative teams, as well as any other expenses that are not attributed to cost of goods sold, production costs or sales and marketing expenses.

## 1.20. Other operating income (expenses)

This item includes income and expenses relating to promotional exchanges.

## 1.21. EBITDA

EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortisation") is presented here for the first time as an alternative performance indicator following the accounting method change relating to the recognition of game advances in the statement of financial position. EBITDA is defined as the income from operating before provisions for liabilities and charges, depreciation of current assets and before provisions and amortisation of tangible and intangible assets. Its calculation is shown below on the basis of restated accounts at 31 March 2020:

	31/03/2021		31/03/2020		Variation	Variation %
<b>Revenue</b>	<b>170,996</b>	<b>100%</b>	<b>142,791</b>	<b>100%</b>	<b>28,204</b>	<b>20%</b>
<b>Gross profit</b>	<b>51,102</b>	<b>30%</b>	<b>44,033</b>	<b>31%</b>	<b>7,069</b>	<b>16%</b>
<b>EBITDA</b>	<b>50,519</b>	<b>30%</b>	<b>43,320</b>	<b>30%</b>	<b>7,200</b>	<b>17%</b>
<b>Depreciation and amortisation on:</b>						
Game development costs	24,589		23,668		921	
Other depreciation and amortisation	1,104		441		664	
<b>Income from operations</b>	<b>24,826</b>	<b>15%</b>	<b>19,211</b>	<b>13%</b>	<b>5,614</b>	<b>29%</b>

## 1.22. Financial result

The financial result includes the income and expenses from cash and cash equivalents and bank finance (including discounts received or conceded), interest expense on borrowings, and currency gains and losses.

## 1.23. Extraordinary result

The extraordinary result is composed of other non-recurring transactions.

## 1.24. Basic earnings per share and diluted earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the Group by the weighted average number of ordinary shares in circulation during the period.

Diluted earnings per share takes into account the possible dilutive effects of financial instruments on the weighted average number of ordinary shares in circulation.

## 2. Consolidation framework

### 2.1. Consolidation criteria

A company enters the scope of consolidation where either the Group takes control of it, regardless of the legal methods, or the Group creates a subsidiary.

At the end of March 2021, Focus Home Interactive had no subsidiary or significant stake in a company except for:

- the American subsidiary created in September 2013,
- the German company, Deck 13 Interactive GmbH, and its subsidiary, Deck 13 Production GmbH, acquired on 25 June 2020.

Company	Registered office	Siret no.	Control	Stake	Method*
Deck 13 Interactive GmbH	Gervinusstr. 18-22 · 60322 Frankfurt am Main	N/A	100%	100%	Full
Deck 13 Production GmbH	Gervinusstr. 18-22 · 60322 Frankfurt am Main	N/A	100%	100%	Full
Focus Home Interactive USA LLC	1617 JFK Blvd. Suite 555 Philadelphia, PA 19103 USA	N/A	100%	100%	Full

\* Full consolidation

### 2.2. Method of consolidation

The American subsidiary and the two German subsidiaries are consolidated under the full consolidation method insofar as Focus Home Interactive France alone exercises control over these subsidiaries. The consolidation is conducted directly by the parent company.

### 2.3. Entry into scope

When a company is first consolidated, the starting value of its identifiable assets and liabilities is assessed at fair value.

The difference noted between the starting value in the consolidated statement of financial position and the book value of each item in the consolidated company's balance sheet constitutes a fair value increment. Fair value increments on non-current assets are depreciated/amortised if they relate to depreciable/

amortisable assets.

The difference between the acquisition cost of securities and the total valuation of the identifiable assets and liabilities constitutes goodwill.

On 25 June 2020, a German company, Deck13 Interactive GmbH, and its wholly-owned subsidiary, Deck13 Production GmbH, were acquired. This acquisition led to a recognition of goodwill (see note 3.1).

### 2.4. Accounting standardisation

The financial statements of the Group's companies are prepared according to the accounting rules applicable in France and are adjusted, where necessary, to harmonise the accounting methods.

### 2.5. Intra-group transactions

All reciprocal transactions conducted between the companies incorporated within the Group are eliminated. The internal results on the disposal of assets between Group companies are eliminated.

### 2.6. Translation of foreign companies' financial statements

The net asset entries of foreign companies are translated into euros at the exchange rate on the date of the period's close. The entries in the income statement are translated at the daily exchange rates.

Any translation difference on the opening net assets and on the income statement is recorded under the FX translation reserve in the equity section of the consolidated statement of financial position.

## 2.7. Leases

As there are no leases of a material character, they are not adjusted, pursuant to the above-mentioned regulation.

## 2.8. Deferred taxes

Income tax represents the aggregate tax on profits of the Group's different companies, adjusted for any deferred taxes.

The temporary differences between the taxable income and the consolidated income before taxes gives rise to the recognition of deferred taxes according to the asset-liability method.

## 2.9. Closing date of accounts

The Group closes its annual accounts on 31 March and its half-year accounts on 30 September.

The two German subsidiaries, Deck13 Interactive and Deck13 Production, previously closed their annual accounts on 31 December of each year. However after an exceptional three-month financial period, the two German companies postponed their annual balance sheet date to 31 March 2021.

# 3. Explanation of items recognised in the statement of financial position and the income statement and their variations

## 3.1. Goodwill

The Group acquired all shares of Deck13 Interactive and its subsidiary Deck13 Production on 25 June 2020 for an overall price of €7,135K that included €6,500K in cash and €635K in Focus Home Interactive treasury stock. Moreover, the four managers of Deck13 were offered a loyalty plan, which is described in note 3.10.

Deck13 Interactive is one of the principal video-game developers in Germany with over 18 years' experience. The company has developed over 20 titles, including the major releases such as The Surge, The Surge 2 and Lords of the Fallen with a team of 60 staff based in Frankfurt.

Under the label "Deck13 Spotlight", the team developed a publishing service to assist independent developers to showcase their projects to a wider audience. Deck13 Spotlight is a fast growing division with an experienced team, which offers access to the major console markets. Deck13 has managed the production, localisation, quality analysis, marketing, public relations and distribution for over 10 games, such as CrossCode.

At the date of acquisition, the net assets of the sub-group were valued at €1,134K after elimination of the securities of Deck13 Production and taking into account the acquisition costs. This gave a final goodwill value of €6,206K.

(In thousands of euros)	Deck 13
Portion paid in cash	6,500
Portion paid in stock	635
Acquisition costs	285
Tax savings related to acquisition costs	(80)
<b>Acquisition price</b>	<b>7,340</b>
Fair value of net assets acquired	1,134
<b>Goodwill</b>	<b>6,206</b>

Goodwill	31/03/2020	Variation	31/03/2021
Gross value	51	6,206	6,257
Impairment	(51)	0	(51)
<b>Net value</b>	<b>0</b>	<b>6,206</b>	<b>6,206</b>

As of 25 June 2020, the net assets of Deck13 acquired were as follows:

(In thousands of euros)	Deck 13
Intangible assets	3,547
Property, plant & equipment	72
Trade receivables	706
Other receivables, accruals and deferrals	772
Cash and cash equivalents	600
<b>Total Assets</b>	<b>5,698</b>
Provisions for liabilities and charges	125
Other payables, accruals and deferrals	491
Trade payables	3,947
<b>Total Liabilities</b>	<b>4,564</b>
<b>Net Assets Acquired</b>	<b>1,134</b>

The valuation of identifiable assets and liabilities was finalised as part of the Group's consolidated financial statements for the year ending 31 March 2021.



### 3.2. Intangible assets

Intangible assets include mainly amounts paid to studios providing services for games developed or in progress and not yet marketed at the date of closing as well as investments in the Group's working tools. Once a game is released during the accounting period, a game's value in "intangible assets in progress" is reclassified in "game development costs".

	31/03/2020 Restated	Entry into scope	Acquisitions	Reclassifica- tion	Amortisation	31/03/2021
Game development costs	8,041	0	0	23,619	0	31,660
Concessions, patents, software, trademarks	480	302	14	(42)	0	755
Other intangible assets	0	133	0	0	0	133
Development costs of games in progress	41,163	3,530	39,465	(22,901)	0	61,256
Other intangible assets in progress	0	0	326	0	0	326
<b>GROSS INTANGIBLE ASSETS</b>	<b>49,684</b>	<b>3,966</b>	<b>39,805</b>	<b>676</b>	<b>0</b>	<b>94,131</b>
Amortisation of games	(952)	0	0	(676)	(23,952)	(25,580)
Amortisation on patents, licences, trademarks, software	(472)	(287)	0	0	0	(759)
Amortisation of other intangible assets	0	(131)	0	0	(2)	(133)
<b>AMORT. ON INTANGIBLE ASSETS</b>	<b>(1,424)</b>	<b>(418)</b>	<b>0</b>	<b>(676)</b>	<b>(23,954)</b>	<b>(26,472)</b>
<b>NET INTANGIBLE ASSETS</b>	<b>48,260</b>	<b>3,547</b>	<b>39,805</b>	<b>0</b>	<b>(23,954)</b>	<b>67,659</b>

### 3.3. Property, plant & equipment

Property, plant and equipment consist of IT equipment, construction works and the fitting of premises.

	31/03/2020	Entry into scope	Acquisitions	Disposals	31/03/2021
Buildings and improvements	190	0	30	0	220
Other property, plant & equipment	1,313	375	244	(25)	1,906
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>1,503</b>	<b>375</b>	<b>274</b>	<b>(25)</b>	<b>2,126</b>
Deprec. on buildings and improvements	(131)	0	(24)	0	(154)
Deprec. on other property, plant & equipment	(712)	(318)	(227)	0	(1,257)
<b>DEPREC. ON PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>(842)</b>	<b>(318)</b>	<b>(250)</b>	<b>0</b>	<b>(1,411)</b>
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>661</b>	<b>56</b>	<b>24</b>	<b>(25)</b>	<b>716</b>

Purchases of property, plant and equipment were mostly composed of IT equipment.

### 3.4. Financial assets

	31/03/2020	Acquisitions	31/03/2021
Securities of unconsolidated companies	1	0	1
Security deposits	198	915	1,114
Liquidity account - Gilbert Dupont	112	208	320
Other financial assets	0	0	0
<b>GROSS VALUE OF FINANCIAL ASSETS</b>	<b>311</b>	<b>1,123</b>	<b>1,434</b>
Impairment on unconsolidated securities	(1)	0	0
<b>NET VALUE OF FINANCIAL ASSETS</b>	<b>310</b>	<b>1,123</b>	<b>1,434</b>

Financial assets are composed of bank security deposits for loans, including accrued interest, as well as the liquidity account available to Gilbert Dupont (as part of the liquidity contract) which had not been invested, at the close of the period, in the Company's own shares.

### 3.5. Inventory

	31/03/2021			31/03/2020
	Gross	Provision	Net	Net
Merchandise	802	(222)	579	425
Finished products	970	(23)	947	159
<b>INVENTORY TOTAL</b>	<b>1,771</b>	<b>(245)</b>	<b>1,526</b>	<b>585</b>

At the close of the period, the Group writes back all depreciation recorded at the previous close and calculates a new depreciation entry. As of 31 March 2021, an addition of €261K and a write-back of €391K were recognised, resulting in an increase of €130K in income from operations.

### 3.6. Trade receivables

	31/03/2021			31/03/2020
	Gross	Provision	Net	Net
Trade receivables	15,412	(31)	15,381	14,534
<b>TRADE RECEIVABLES</b>	<b>15,412</b>	<b>(31)</b>	<b>15,381</b>	<b>14,534</b>

Trade receivables are payments owed within one year.

### 3.7. Other receivables, accruals and deferrals

	31/03/2021			31/03/2020 Restated
	Gross	Provision	Net	Net
Advances and prepayments made	316	-	316	69
Supplier debts	-	-	-	-
Tax and employee-related receivables	2,464	-	2,464	3,777
Deferred tax assets	606	-	606	74
Deferred expenses	3,130	-	3,130	1,921
Currency hedge instruments	66	-	66	0
FX translation asset	153	-	153	11
<b>TOTAL OTHER RECEIVABLES</b>	<b>6,736</b>	<b>0</b>	<b>6,736</b>	<b>5,852</b>
Of which:				
- Due under one year	6,736	0	6,736	5,852

#### **Deferred tax assets**

Deferred taxes are broken down as follows:

	31/03/2021	Variation	31/03/2020
Temporary differences	606	532	74
<b>Deferred taxes</b>	<b>606</b>	<b>532</b>	<b>74</b>

#### **Other receivables**

Other receivables are due within one year.

The employee-related and tax receivables are essentially VAT credits and VAT pending regularisation at the time of closing the accounts (e.g. VAT on accrued expenses).

Deferred expenses by type are broken down as follows:

	31/03/2021	31/03/2020
Subscriptions and rental	278	51
Contributions and other costs	233	139
Unreleased games	2,619	1,831
<b>DEFERRED EXPENSES</b>	<b>3,130</b>	<b>2,021</b>

Deferred expenses only relate to operating expenses.

Expenses on games in development essentially comprise the marketing and production costs (localisation and testing) for games currently in development. These costs are recorded as expenses at the time the games are launched.

### 3.8. Cash and cash equivalents

	31/03/2021	31/03/2020
Transferable securities	0	0
Cash and cash equivalents	19,497	19,639
<b>Gross cash</b>	<b>19,497</b>	<b>19,639</b>
Bank overdraft	0	0
<b>Net cash</b>	<b>19,497</b>	<b>19,639</b>

### 3.9. Consolidated equity

As of 31 March 2021, Focus Home Interactive Group's share capital comprised 5,329,942 fully paid-up ordinary shares at a par value of €1.20 each.

#### Breakdown of share capital

	Number	Par value
Start of year	5,307,192	1.2
Shares issued during year	22,750	1.2
End of year	5,329,942	1.2

#### Treasury stock

Treasury stock held at 31 March 2021 totalled €3.76M, of which €3.6M was part of the stock buyback programme and €0.16M was part of the liquidity programme implemented by the Group.

### 3.10. Potential capital – Dilutive instruments

The Group has allocated or issued different transferable securities giving a right to equity.

Changes during the relevant period to each type of security giving future equity is presented below.

#### a) Allotment of free shares (AGA)

	Allotment of free shares					
Date authorised	11/10/2018	26/06/2019	23/06/2020	27/07/2020	17/12/2020	26/01/2021
Date vested	1/3 until 2022	Variable until 2023	Half until 2022	September 2021	December 2024	December 2024
End of holding period	Until 2023	Until 2024	Until 2023	Until 2022	Until 2026	Until 2026
<b>Number allocated</b>	<b>48,600</b>	<b>5,600</b>	<b>97,580</b>	<b>3,000</b>	<b>70,000</b>	<b>75,375</b>
Number cancelled	3,000	-	24,594	-	-	-
<b>Number still under vesting period on 31/03/2021</b>	<b>16,800</b>	<b>3,800</b>	<b>72,986</b>	<b>3,000</b>	<b>70,000</b>	<b>75,375</b>
<b>Number still under holding period on 31/03/2021</b>	<b>14,700</b>	<b>1,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

At its meeting on 23 June 2020, the Management Board of the Company adopted a free share allotment plan for the managers of Deck 13 Interactive (AGA 2020-1, 2020-2, 2020-3, 2020-4), under the powers delegated by the Ordinary and Extraordinary General Meeting of September 24, 2019 and as authorised by the Supervisory Board at its meeting on 5 June 2020.

These four free share allotment programs of 23 June 2020 concern four managers of Deck13, two of whom surrendered a total of such 24,594 such free shares. As of the date of this report, only 72,986 free shares are still

in the vesting period for the four plans.

At its meeting on 27 July 2020, the Management Board adopted a free share allotment plan (AGA 2020-5), under the powers delegated by the Ordinary and Extraordinary General Meeting of 24 September 2019 and as authorised by the Supervisory Board at its meeting of 24 June 2020. This 2020-5 free share allotment plan allows the allotment of 3,000 free shares to Jean-François Busnel.

At its meeting on 17 December 2020, the Company's Management Board, as authorised by the Supervisory

Board at its meeting on 17 December 2020, authorised the creation of a free performance share plan involving the allotment of 70,000 free shares for three members of the Management Board in accordance with resolution no. 10 as approved by the Ordinary and Extraordinary Shareholders' Meeting of 22 September 2020 authorising the creation of a maximum amount of 200,000 free shares.

At its meeting on 26 January 2021, the Management

Board, following authorisation by the Supervisory Board at its meeting on 26 January 2021, authorised the creation of a free performance share plan involving the allotment of 75,375 free shares for 35 key managers. The newly issued shares will be acquired by the beneficiaries over a four-year period, on the condition that the beneficiary remain with the Group and achieve specific performance goals.

The table shows the plans in effect at 31 March 2021.

## **b) Stock options**

During this year 1,250 stock options were exercised:

Stock options		
Date authorised	06/10/2017	26/06/2019
<b>Exercise deadline</b>	<b>06/10/2022</b>	<b>26/06/2024</b>
Exercise price	21.3	18.5
Number authorised	25,000	25,000
<b>Number allocated</b>	<b>7,450</b>	<b>15,750</b>
Number cancelled	500	
Number exercised	1,250	500
<b>Outstanding number on 30/09/2020</b>	<b>5,700</b>	<b>15,250</b>

On 19 January 2021, the Company's Management Board recorded an increase in the share capital due to an employee's exercise of 750 stock options as part of SO 2017-01 plan allotted by the Management Board on 6 October 2017, under the powers delegated by the General Meeting of 27 September 2017. The subscription price of these 750 shares was €21.34 per share.

On the same date, the Company's Management Board also recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Management Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The subscription price of these 250 shares was €18.53 per share. The Management Board

recorded the creation of 1.000 shares with a par value of €1.20, which increased the share capital by € 1.200.

At its meeting on 4 March 2021, the Company's Management Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Management Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The subscription price of these 250 shares was €18.53 per share. The Management Board recorded the creation of 250 shares with a par value of €1.20, which increased the share capital by € 300.

These were the only plans in force on 31 March 2021.

## **c) Warrants (BSA)**

In 2015, the Group issued 5,000 warrants as part of the BSA 2015 plan allocated on 06/01/2015 (open for a 10-year period at a price of €9.10). These warrants were exercised on 27 July 2020, thereby causing the issue of 5,000 new shares.

At its meeting on 27 July 2020, the Management Board recorded a share capital increase resulting from the exercise of 5,000 warrants (BSA-2015) by the company Neology Holding allotted by the Management Board on 6 January 2015, under the powers delegated by the Ordinary and Extraordinary General Meeting of 6 January 2015 and after obtaining the prior written approval of the Supervisory Board on 6 January 2015. The Management Board recorded the creation of 5,000 new shares with a par value of €1.20 each, which increased the share capital by €6,000.

At 31 March 2021, there are thus no longer any share subscription warrants (BSA) in existence.

### 3.11. Provisions for liabilities and charges

	31/03/2020	Entry into scope	Additions	Reversals	31/03/2021
Provision for liabilities	432	1	4,222	(3,270)	1,384
Provisions for guarantees	0	124	0	(122)	2
Provision for retirement benefits	215	0	104	0	318
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>646</b>	<b>125</b>	<b>4,325</b>	<b>(3,392)</b>	<b>1,704</b>

The amount of the fine imposed by the European Commission in the estimated amount of €3M was recognised in the financial statements at 30 September 2020 in the form of a provision for liabilities. On 20 January 2021, the European Commission announced the imposition of a fine in the final amount of approximately €2.9M against the Company as part of its inquiry on the practice called geo-blocking that it had initiated on 2 February 2017.

This provision was thus written back in the second half of the financial period.

Following the write-back of liabilities provision, at 31 March 2021 this fine is entered as a payable and will be paid during the month of July 2021.

The provisions for liabilities also represent the provision for risk of customer returns and the provision for charges on employee-related expenses on the allotment of free shares.

### 3.12. Borrowings and financial debt

	31/03/2020	New borrowings	Reimbursements	31/03/2021
Bank loans (excl. overdrafts)	1,661	11,500	(1,916)	11,246
- of which due under one year	1,261			1,076
- of which due between 1 and 5 years	401			6,933
- of which due after 5 years	0			3,237
<b>Revolving</b>	<b>0</b>	<b>2,500</b>	<b>(1,250)</b>	<b>1,250</b>
Interest accrued (on other loans and similar payables)	1	9		10
Insufficient funds and other short-term debts	0	10		10
<b>Financial debt</b>	<b>1,661</b>	<b>14,019</b>	<b>(3,166)</b>	<b>12,516</b>
Cash and cash equivalents	19,639			19,497
<b>NET DEBT</b>	<b>(17,977)</b>	<b>14,019</b>	<b>(3,166)</b>	<b>(6,981)</b>

Net financial liabilities include two bank loans as well as a BPI loan renegotiated in November 2017. These loans are accompanied by financial covenants in effect as of 31 March 2021 (see note 3.27 on the commitments). The terms of these euro-denominated loans are described below:

Bank	Amount rate	Nominal rate	Term and repayment conditions	Date of borrowing	Balance on 31/03/2021	Balance on 31/03/2020
BPI €5M	€5,000k	0.80%	7 years, 20 quarterly payments, no deferral	May-20	€5,000k	-
CREDIT POOLING - T1 €6.5M	€6,500k	1.10%	7 years, 8 different dates with varying reimbursement amounts	June-20	€5,826K	-
BPI	€1,200k	2.39%	5 years, 20 quarterly payments, no deferral	Oct-17	€420K	€660k

During the financial period, the Group moreover had drawn down 100% of its revolving credit line of €2.5M from BPI. This line has a two-year maturity date and its interest rate is indexed to the 3-month Euribor. €1.25M of this loan was repaid at 31 March 2021.

### 3.13. Trade payables

Trade payables are broken down as follows:

	31/03/2021	31/03/2020 Restated
Trade payables	3,058	1,888
Accrued expenses	2,221	1,577
Accrued expenses - studios	18,137	17,653
<b>TOTAL TRADE PAYABLES</b>	<b>23,416</b>	<b>21,118</b>

As of 31 March 2021, accrued expenses from studios only concerned invoices still to be received for the additional royalties owed according to the sale reports sent to the studios in the 45 days following the closing of accounts.

### 3.14. Other payables

	31/03/2021	31/03/2020 Restated
Payables on non-current assets	727	492
Tax and employee-related payables	6,152	6,296
Deferred tax liabilities	0	0
Other payables (including advances and prepayments received)	5,610	4,365
Deferred income	66	429
FX translation liability	427	158
<b>TOTAL OTHER PAYABLES</b>	<b>12,981</b>	<b>11,740</b>
<i>Of which due under one year</i>	<i>12,981</i>	<i>11,740</i>

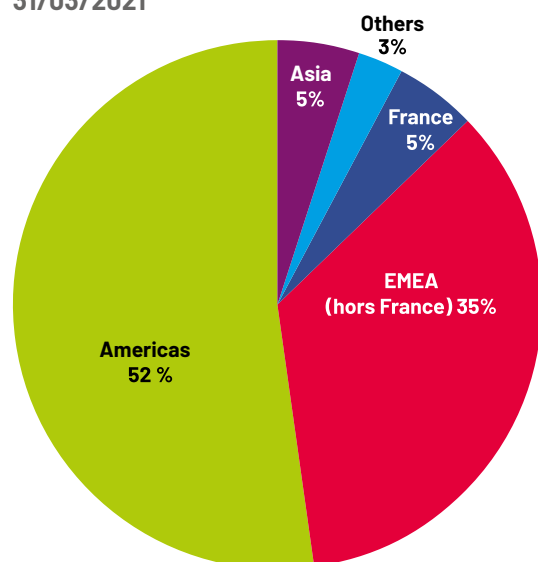
"Other payables (including advances and prepayments received)" are primarily composed of accrued debts to customers resulting from contractual conditions.

Following the write-back of the provision for liabilities relating to the European Commission fine in the amount of €2.9M, described in paragraph 1.2.2, this fine appears as a payable, at 31 March 2021, and will be paid in the month of July 2021.

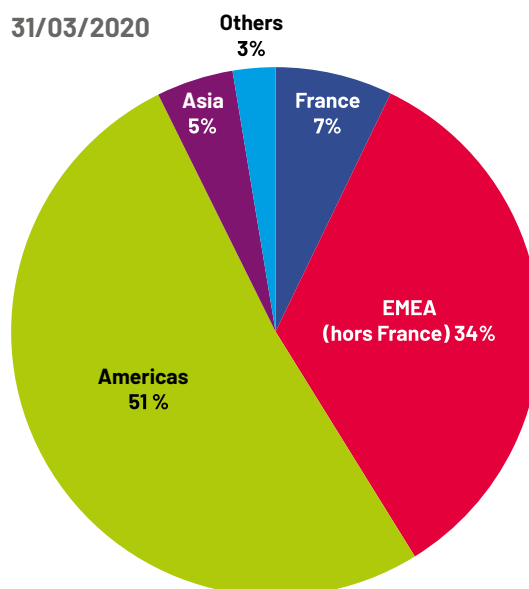
### 3.15. Breakdown of revenue

#### A. Sales by geographic regions

31/03/2021



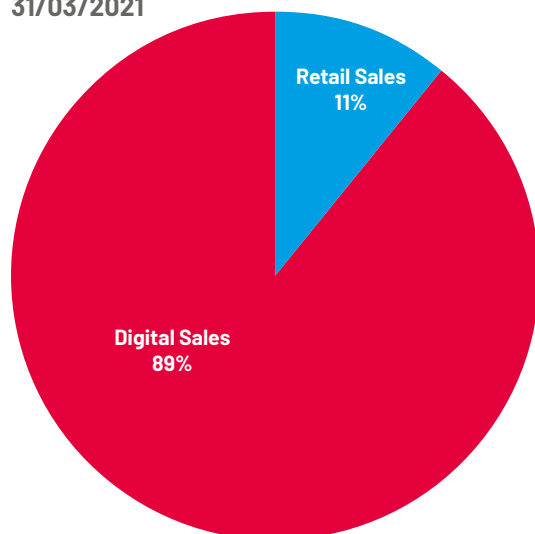
31/03/2020



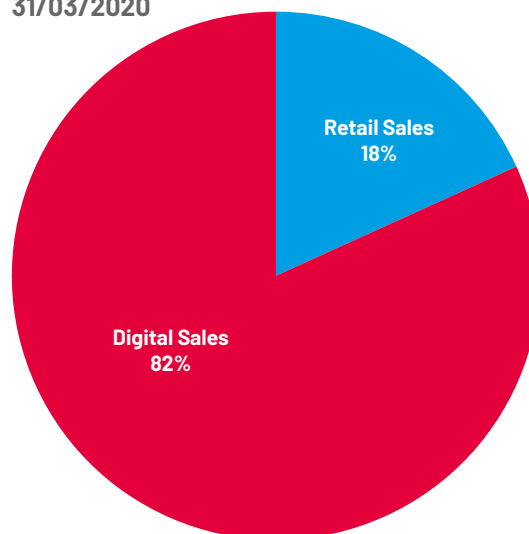
Geographical region	31/03/2021		31/03/2020		Variation	
	€k	%	€k	%	€k	%
France	8,894	5%	10,229	7%	-1,335	-13%
EMEA (ex-France)	60,452	35%	48,560	34%	11,892	24%
Americas	88,302	52%	73,555	52%	14,747	20%
Asia	7,792	5%	6,723	5%	1,068	16%
Others	5,556	3%	3,724	3%	1,832	49%
<b>Total</b>	<b>170,996</b>	<b>100%</b>	<b>142,791</b>	<b>100%</b>	<b>28,204</b>	<b>20%</b>

## B. Sales by channel

31/03/2021



31/03/2020



Sales channel	31/03/2021		31/03/2020		Variation	
	€k	%	€k	%	€k	%
Retail sales	18,580	11%	26,013	18%	-7,432	-29%
Digital sales	152,415	89%	116,778	82%	35,637	31%
<b>Total</b>	<b>170,996</b>	<b>100%</b>	<b>142,791</b>	<b>100%</b>	<b>28,204</b>	<b>20%</b>

### 3.16. Cost of goods sold

	31/03/2021	31/03/2020	Variation
Manufacturing and ancillary costs	6,697	10,619	(3,922)
Studio royalties	89,574	63,702	25,871
Game development costs	24,374	24,438	(64)
<b>TOTAL COST OF SALES &amp; DEVELOPMENT EXPENSES</b>	<b>120,644</b>	<b>98,759</b>	<b>21,885</b>

See note 1.14 for a description of these items.

### 3.17. Other income

During the financial year, Focus Home Interactive sold one of its brands for €750K and entered it in gross margin in the item "other income".

### 3.18. Production costs

	31/03/2021	31/03/2020	Variation
External production expenses	2,630	1,511	1,119
Internal production costs (salaries & allowances)	4,795	3,916	879
<b>TOTAL PRODUCTION COSTS</b>	<b>7,425</b>	<b>5,427</b>	<b>1,998</b>

### 3.19. Sales and marketing expenses

	31/03/2021	31/03/2020	Variation
External sales and marketing costs	4,978	8,543	(3,564)
Costs and expenses relating to receivables (1)	105	(57)	162
Internal sales and marketing costs (salaries & allowances)	5,233	4,494	739
<b>TOTAL SALES AND MARKETING EXPENSES</b>	<b>10,316</b>	<b>12,980</b>	<b>(2,663)</b>

(1) including €112K in net currency gains on trade receivables and payables

### 3.20. General and administration expenses

	31/03/2021	31/03/2020	Variation
Other staff expenses	127	227	(100)
Rent, rental expenses and additional costs	1,506	879	627
IT & telecommunication expenses	596	364	233
Banking services	170	354	(184)
Taxes excl. income tax	773	714	59
Intermediary remuneration and fees	2,669	1,898	771
Internal administrative costs (salary & allowances)	2,474	1,907	567
Depreciation and amortisation charge	291	206	86
<b>TOTAL GENERAL AND ADMINISTRATION EXPENSES</b>	<b>8,607</b>	<b>6,549</b>	<b>2,058</b>

### 3.21. Staff expenses

Employee expenses are broken down by item, according to the indications provided in paragraphs 1.16, 1.17 and 1.18. These expenses however are presented below in a table showing the employee expenses by kind in compliance with CRC Regulation 99-02.

	31/03/2021	31/03/2020	Variation
Production costs	6,989	3,845	3,144
Sales and marketing expenses	5,018	4,380	638
General and administration expenses	2,401	1,732	669
<b>Employee expenses before activation</b>	<b>14,408</b>	<b>9,957</b>	<b>4,451</b>
Activation link to game development	(2,820)	0	(2,820)
<b>TOTAL NET STAFF EXPENSES</b>	<b>11,589</b>	<b>9,957</b>	<b>1,632</b>

The employee expenses above include, following the acquisition of Deck13 at the end of June 2020, the employee expenses incurred by the studio that are added to the game costs. These expenses are neutralised in an in-progress capital account visible on the line "Activation linked to game development" thereby reducing the employee expenses during the development period.

### 3.22. Net change in depreciation, amortisation and provisions

NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY TYPE	31/03/2021	31/03/2020	Variation
Net addition to depreciation and amortisation:			
- on intangible assets	24,630	23,687	943
- property, plant & equipment	250	187	63
<b>Total additions to D&amp;A</b>	<b>24,880</b>	<b>23,874</b>	<b>1,006</b>
<b>Addition to operating provisions:</b>			
- on inventory	261	375	(115)
- on current assets (ex-inventory)	11	0	11
- on liabilities and charges	1,180	371	809
- on liabilities and charges (ex-return of goods)	104	0	104
<b>Addition to financial provisions:</b>			
- currency loss risk	153	11	142
<b>Addition to extraordinary provisions</b>			
- liabilities and charges	2,888	0	2,888
<b>Total additions to provisions</b>	<b>4,597</b>	<b>758</b>	<b>3,839</b>
<b>Write-backs of operating provisions:</b>			
- on inventory	391	356	35
- on current assets (ex-inventory)	0	5	(5)
- on liabilities and charges	3,259	137	3,122
- for guarantees	122	0	122
<b>Write-back of financial provisions:</b>			
- currency loss risk	11	21	(10)
<b>Write-back of extraordinary provisions:</b>			
- on liabilities and charges	0	3	(3)
<b>Total write-back of provisions</b>	<b>3,783</b>	<b>523</b>	<b>3,260</b>
<b>Total additions to provisions net of write-backs</b>	<b>814</b>	<b>235</b>	<b>579</b>
<b>Net change in depreciation, amortisation and provisions</b>	<b>25,694</b>	<b>24,109</b>	<b>1,585</b>



NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY PURPOSE	31/03/2021	31/03/2020	Variation
Net addition to depreciation and amortisation:			
- on production costs	24,589	23,668	921
- on general and administration expenses	291	206	85
- on cost of goods sold	0	0	0
<b>Total additions to D&amp;A</b>	<b>24,880</b>	<b>23,874</b>	<b>1,006</b>
Addition to provisions:			
- cost of goods sold and game development costs	507	686	(179)
- on production costs	595	22	(22)
- on sales and marketing expenses	513	34	(34)
- on general and administration expenses	94	16	(16)
- extraordinary items	2,888	0	2,888
<b>Total additions to provisions</b>	<b>4,597</b>	<b>758</b>	<b>3,839</b>
Write-backs of provisions:			
- cost of goods sold and game development costs	823	410	412
- on production costs	23	34	(12)
- on sales and marketing expenses	35	53	(18)
- on general and administration expenses	15	25	(11)
- extraordinary items	2,888	0	2,888
<b>Total write-back of provisions</b>	<b>3,783</b>	<b>523</b>	<b>3,260</b>
<b>Total additions to provisions net of write-backs</b>	<b>814</b>	<b>235</b>	<b>579</b>
<b>Net change in depreciation, amortisation and provisions</b>	<b>25,694</b>	<b>24,108</b>	<b>1,586</b>

### 3.23. Financial result

	31/03/2021	31/03/2020	Variation
Currency gains	267	482	(215)
Write-back of D&A and provisions	11	21	(10)
Other financial income	0	0	0
<b>Financial income</b>	<b>278</b>	<b>503</b>	<b>(225)</b>
Currency losses	1,671	579	1,093
Financial interest	129	28	101
Additions to D&A and provisions	153	11	142
Other financial expenses	2	1	1
<b>Financial expenses</b>	<b>1,956</b>	<b>619</b>	<b>1,337</b>
<b>FINANCIAL RESULT</b>	<b>(1,677)</b>	<b>(116)</b>	<b>(1,563)</b>

### 3.24. Extraordinary result

	31/03/2021	31/03/2020	Variation
Write-back of D&A and provisions (*)	2,888	0	2,888
Income from disposals of non-current assets	0	0	0
Other extraordinary income	15	0	15
<b>Extraordinary income</b>	<b>2,903</b>	<b>0</b>	<b>2,903</b>
Additions to D&A and provisions (*)	2,888	0	2,888
Net value of disposed assets	25	0	25
Other extraordinary expenses (*)	3,039	40	2,999
<b>Extraordinary expenses</b>	<b>5,952</b>	<b>40</b>	<b>5,912</b>
<b>EXTRAORDINARY RESULT</b>	<b>(3,049)</b>	<b>(40)</b>	<b>(3,009)</b>

As described in paragraph 3.11, the fine of the European commission was subject, during the tax period, to the creation of a provision, at 30 September 2020, and a provision write-back in the same amount at 31 March 2021. These transactions are noted by an asterisk (\*). This fine is entered as a payable at the end of March 2021. It is entered in extraordinary income in the line "other extraordinary expenses" due to the nature of the expense.

### 3.25. Earnings per share

	31/03/2021	31/03/2020
Share capital	6,396	6,369
Number of shares	5,329,942	5,307,192
Number of diluted shares	5,582,776	5,361,283
<b>Net income</b>	<b>13,278</b>	<b>13,040</b>
<b>Earnings per weighted share</b>	<b>2.50</b>	<b>2.46</b>
<b>Diluted earnings per share</b>	<b>2.38</b>	<b>2.43</b>

### 3.26. Income tax

	31/03/2021	31/03/2020
Deferred tax assets	606	74
Deferred tax liabilities	0	0
<b>Deferred taxes on balance sheet</b>	<b>606</b>	<b>74</b>
Tax payable	7,273	5,795
Deferred taxes	(452)	220
<b>Income tax charge</b>	<b>6,821</b>	<b>6,015</b>

#### Explicative table on the effective tax rate

<b>Recurring income before taxes</b>	<b>20,099</b>
Current taxes	(7,273)
Deferred taxes	452
<b>Total income tax charge</b>	<b>(6,821)</b>
Effective tax rate	33.94%
Group standard rate	28.92%
<b>Theoretical tax charge</b>	<b>(5,813)</b>
Theoretical/actual difference	1,008
<b>Items reconciling theoretical tax charge and actual tax charge:</b>	
Non-capitalised deficit for the period	88
Rate differential	(58)
Non deductible expenses	848
Other permanent differences	130
<b>Identified reconciling items total</b>	<b>1,008</b>

### 3.27. Workforce

	31/03/2021	31/03/2020
Production	134	61
Sales and marketing	51	49
Administration	22	18
<b>Total average workforce</b>	<b>207</b>	<b>125</b>

As of 31 March 2021, the average workforce was 146.4 full-time employees within Focus Home Interactive and 60.4 full-time employees within Deck13 Interactive GmbH.

### 3.28. Off-balance-sheet commitments

#### **1. Commitments given**

##### **a) Commitments given to studios and right holders**

As of 31 March 2021, the Group had signed contracts with studios for the acquisition of publication and distribution rights, as well as licences on the adaptation rights of a trademark or title with the right holders of the relevant trademark, title or franchise.

The amounts remaining to pay are expressed below in €K:

	31/03/2021	31/03/2020
Commitments given to studios and right holders	39,290	78,410
Of which to studios	35,998	77,054
Of which to right holders	3,293	1,356
	31/03/2021	31/03/2020
Commitments given to studios and right holders	39,290	78,410
Of which due under one year	38,804	43,350
Of which due between 1 and 5 years	487	35,060

Once paid, these amounts will be recognised in intangible assets and recorded on the asset side of the balance sheet according to the principle described in note 1.5.

#### **b) Operating lease commitments**

Leases include two property leases signed on 2 March 2020 for the Group's registered office and a lease, signed in 2017, for the premises of the German subsidiary Deck13 in Frankfurt-am-Main.

	31/03/2021	31/03/2020
Commitments on property leases (rents & expenses)	6,580	6,416
Of which due under one year	1,396	1,019
Of which due between 1 and 5 years	5,184	4,376
Of which due after 5 years	-	1,021

The Group also rents out certain facilities under rental agreements that can be terminated.

#### **c) Leases**

The Group has entered into leases for equipment for an insignificant amount.

#### **d) Bank covenants**

On 31 March each year, the Group must be in compliance with a covenant under the loan agreement signed in February 2020 and expressed as a ratio of consolidated financial debt over the consolidated income from operations.

#### **e) Pledge of securities**

The company pledged Deck13 shares to five banks as collateral for the drawdown of €6.5 million made on 25 June 2020 under the terms of the loan contract dated 6 February 2020.

#### **f) Currency hedges**

Focus Home Interactive is exposed to currency risk in USD and GBP due to its relations with its customers and partner studios with which the Company receives invoices denominated in USD and GBP. The Group therefore regularly positions itself on currency purchases to face its contractual obligations.

See note 1.10 for information on the currency hedging policy.

### **2. Commitments received**

The Group benefits from commitments on the part of its banks and financial partners in relation to revolving lines of credit and an overdraft facility of €23.5M.

## **3.29. Transactions with related parties**

The Group remunerates its corporate officers, including the Supervisory Board members in compliance with the decisions made by the General Meeting of Shareholders. The table below indicates the remuneration paid and to pay to the members of the Supervisory Board.

Remuneration in thousands of euros	31/03/2021	31/03/2020
Compensation for service (1)	12	36
Attendance-related fees (2)	45	45
<b>TOTAL</b>	<b>57</b>	<b>81</b>

(1) Compensation for service to chairman of the Supervisory Board. The new chairman of the Supervisory Board waived his compensation upon his appointment in July 2020.  
(2) Attendance-related fees owed to Supervisory Board members.

As of 31 March 2021, the Group has not identified any transactions with related parties that were not entered into under normal market conditions or that had a material impact on the accounts. No additional information required under Article R. 123-198 11 of the Commercial Code is required.





**AUDITOR'S REPORT ON THE PARENT  
COMPANY'S FINANCIAL STATEMENTS**



# AUDITOR'S REPORT ON THE PARENT COMPANY'S FINANCIAL STATEMENTS

## Year ended 31 March 2021

For the attention of the Annual General Meeting of Focus Home Interactive

### Opinion

In compliance with the assignment entrusted to us by the general meeting of shareholders, we have audited the accompanying financial statements of Focus Home Interactive for the year ended 31 March 2021.

In our opinion, the financial statements are, with regard to French accounting principles and rules, consistent and accurate and give a fair and true view of the of the past year's operational results as well as the financial position, assets and liabilities of the company at the close of the year.

### Basis for opinion

#### Audit framework

We performed our audit according to the standards of our profession applicable in France. We consider that we collected sufficient and relevant audit evidence to form the basis for our opinion.

Our responsibilities under these professional standards are stated in the "Auditor's responsibilities for the audit of financial statements" section of this report.

#### Independence

We have performed our audit mission in compliance with

the professional ethics rules specified by the French Commercial Code and by the code of ethics of the profession of statutory auditor, for the period from 1 April 2020 to the date of issue of our report.

#### Comment

Without calling into question the conclusion expressed above, we draw your attention to the accounting method change relating to the accounting of game development costs described in note 1.1 of the financial statements.

### Justification of assessments

The global crisis brought on by the COVID-19 pandemic created special conditions for the preparation and review of the financial statements for this financial period. The crisis and the extraordinary measures taken as part of the emergency health situation have provoked many consequences for businesses, especially for their activities, financing and the heightened uncertainties surrounding their future outlook. Some of these measures, such as travel restrictions and working from home, have also had an impact on the internal organisation of companies and on the arrangements for performing our work.

In this complex and changing environment, in application

the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, the most important assessments we made, in our professional opinion, related to the appropriateness of the accounting principles applied, the reasonableness of the material estimates made and the presentation of all the financial statements.

The assessments made form part of the audit of the financial statements as a whole and were decided under the conditions stated above. They contribute to the formation of our opinion stated above. We do not express any opinion on specific items taken in isolation from these financial statements.

### Specific verifications

In accordance with the professional standards applicable in France, we conducted specific verifications as required under legal and regulatory provisions.

### Disclosures in the management report and other documents on the financial position and the financial statements addressed to shareholders

We make no comment on the accuracy of the disclosures in the Management Board's report and in the other documents on the financial position and financial statements addressed to shareholders, nor on their consistency with the annual financial statements.

We certify the accuracy and consistency of the disclosures on the settlement periods required under Article D. 441-6 of the French Commercial Code with the financial statements.

## Report on company governance

We certify that the information required by Article L. 225-37-4 of the Commercial Code appears in the Supervisory Board's report on company governance.

## Other information

In application of the law, we made sure that the various information items relating to investments and control and the identity of holders of capital and voting rights have been provided you in the management report of the Management Board.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements that present a true and fair image of the business in accordance with French accounting rules and principles, as well as for establishing the internal control it deems necessary to ensure the financial statements do not contain material misstatements, whether due to fraud or error.

In preparing the financial statements, management must assess the company's ability to continue as a going concern, disclose in these statements, as applicable, the necessary matters related to a going concern and use the going-concern basis of accounting unless the company is expected to be liquidated or cease its operations.

The financial statements have been approved by the Management Board.

## Statutory auditor's responsibilities for the audit of the financial statements

It is our responsibility to prepare a report on the financial statements. Our objective has been to obtain reasonable assurance that the financial statements as a whole do not contain any material misstatement. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with professional standards will systematically detect every material misstatement. Misstatements may be the result of fraud or error and are considered material when it can be reasonably expected that they could, individually or in the aggregate, influence the financial decisions of users taken on the basis of the financial statements.

As stipulated by Article L. 823-10-1 of the French Commercial Code, our audit of these financial statements does not include a guarantee on the viability or quality of the management of the company.

As part of an audit conducted in accordance with the professional standards applicable in France, the auditor exercises professional judgement throughout the audit. Furthermore,

- the auditor identifies and assesses the risks that the financial statements contain material misstatements, whether due to fraud or error, designs and performs audit procedures responsive to these risks, and collects audit evidence deemed relevant and sufficient to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error because fraud can involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- the auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- he evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- he assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cast doubt on the Company's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to place a qualification on his opinion or refuse to sign off on the statements;
- the auditor evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Vélizy-Villacoublay and Paris-La Défense, 15 July 2021

Auditors

**Gatti Conseil**  
Bertrand Gatti

**Deloitte & Associés**  
Julien Razungles





**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

[In thousands of euros]

## I. ASSETS

Company name: Focus Home Interactive				Length of financial year in number of months:				12	
Company address: 11, Rue de Cambrai, 75019 PARIS				Length of previous financial year:				12	
SIRET no.*: 39,985,627,700,021				APE code: 58.21 Z					
In €k				Year N ended: 31/03/2021				31/03/2020	
				Gross		D&A, provisions		Net	
Subscribed capital not called (I)				AA					
NON-CURRENT ASSETS*	INTANGIBLE ASSETS	Start-up costs	AB	-	AC	-	-	-	-
		Research & development costs	AD	-	AE	-	-	-	-
		Concessions , patents and other rights	AF	32,150	AG	(26,075)	6,074	14	14
		Goodwill	AH	-	AI	-	-	-	-
		Other intangible assets	AJ	61,482	AK	-	61,482	-	-
		Advances and prepayments on intangible assets	AL	-	AM	-	-	-	-
	PROPERTY, PLANT & EQUIPMENT	Land	AN	-	AO	-	-	-	-
		Buildings	AP	220	AQ	(154)	66	60	60
		Plants, machinery and equipment	AR	-	AS	-	-	-	-
		Other property, plant & equipment	AT	1,504	AU	(920)	583	497	497
		Assets under construction	AV	1	AW	-	1	104	104
		Advances and prepayments on property, plant & equipment	AX	-	AY	-	-	-	-
	FINANCIAL ASSETS(2)	Equity interests under equity method	CS	-	CT	-	-	-	-
		Other equity interests	CU	7,421	CV	(1)	7,420	-	-
		Receivables from equity interests	BB	-	BC	-	-	-	-
		Other securities	BD	-	BE	-	-	-	-
		Loans	BF	-	BG	-	-	-	-
		Other financial assets	BH	5,196	BI	-	5,196	2,767	2,767
TOTAL (II)		BJ	107,974	BK	(27,151)	80,823	3,442		
CURRENT ASSETS	INVENTORY*	Raw materials, supplies	BL	-	BM	-	-	-	-
		Goods in progress	BN	-	BO	-	-	-	-
		Services in progress	BP	-	BO	-	-	-	-
		Intermediate and finished products	BR	463	BS	(103)	360	332	332
		Merchandise	BT	701	BU	(23)	678	159	159
	RECEIVABLES	Advances and prepayments paid on orders	BV	210	BW	-	210	48,173	48,173
		Trade receivables	BX	16,225	BY	(30)	16,194	14,228	14,228
		Other receivables	BZ	2,373	CA	-	2,373	3,979	3,979
		Subscribed capital, called, not paid up	CB	-	CC	-	-	-	-
	OTHERS	Marketable securities (including treasury stock)	CD	-	CE	-	-	-	-
		Cash and cash equivalents	CF	18,278	CG	-	18,278	18,832	18,832
	ACCRUALS AND DEFERRALS	Deferred expenses	CH	2,819	CI	-	2,819	1,756	1,756
TOTAL (III)		CJ	41,069	CK	(157)	40,912	87,459		
Spread costs for loan issue (IV)		CL	-		-	-	-	-	
Bond redemption premiums (V)		CM	-		-	-	-	-	
FX translation asset (VI)		CN	219		-	219	11	11	
OVERALL TOTAL (I-VI)		CO	149,262	1A	(27,307)	121,955	90,912		
				CP			CR		
Property retention clause:		Non-current assets:		Inventory:			Receivables:		

## II. LIABILITIES before distribution

Company name: Focus Home Interactive				
		Year N		Year N-1
EQUITY	Share or individual capital (including €6,369K paid)	DA	6,396	6,369
	Share, merger, contribution premiums	DB	22,369	22,311
	Revaluation reserves (including equity method valuation diff.) <b>EK ]</b>	DC	-	-
	Legal reserve	DD	779	779
	Reserves under art. of assoc. or contracts	DE	-	-
	Regulated reserves <i>(Incl. special provisions for commodity price fluctuations)</i> <b>B1 ]</b>	DF	-	-
	Other reserves <i>(Incl. reserve for acquisition of original works by living artists)*</i> <b>EJ ]</b>	DG	-	-
	Retained earnings	DH	27,317	15,210
	<b>NET INCOME (profit/loss for year)</b>	DI	14,717	12,127
	Investment subsidies	DJ	-	-
	Regulated provisions	DK	43	-
<b>TOTAL (I)</b>		DL	<b>71,621</b>	<b>56,795</b>
Other equity	Income from issue of profit-participation securities	DM	-	-
	Conditional advances	DN	-	-
<b>TOTAL (II)</b>		DO	-	-
Provisions for liabilities and charges	Provisions for liabilities	DP	1,382	432
	Provisions for charges	DQ	318	215
<b>TOTAL (III)</b>		DR	<b>1,701</b>	<b>646</b>
LIABILITIES (4)	Convertible bonds	DS	-	-
	Other bonds	DT	-	-
	Loans and borrowings from credit institutions	DU	12,506	1,661
	Other loans and borrowings <i>(including participation loans)</i> <b>EI ]</b>	DV	-	-
	Advances and prepayments received on pending orders	DW	1,766	2,562
	Trade payables	DX	23,886	21,368
	Tax and employee-related payables	DY	5,879	6,419
	Liabilities on fixed assets and related accounts	DZ	-	-
	Other payables	EA	4,098	1,272
Accruals & deferrals	Deferred income	EB	71	29
<b>TOTAL (IV)</b>		EC	<b>48,207</b>	<b>33,312</b>
	FX translation liability	<b>(V)</b> ED	427	158
<b>OVERALL TOTAL (I-V)</b>		EE	<b>121,955</b>	<b>90,912</b>

### III. INCOME STATEMENT (list)

Company name: Focus Home Interactive										
			Year N						Year N-1	
			France		Exports and EU deliveries		Total			
OPERATING REVENUE	Merchandise sales		FA	(16)	FB	26	FC	10	249	
	Production sold {	goods services	FD	1,701	FE	9,409	FF	11,110	16,804	
			FG	2,505	FH	152,881	FI	155,386	120,801	
	Net revenue		FJ	4,189	FK	162,317	FL	166,506	137,855	
	Inventoried production						FM	(24)	(228)	
	Capitalised production						FN	0	0	
	Operating subsidy						FO	0	0	
	Write-back of D&A and provisions, transfer of expenses						FP	634	404	
Other income						FQ	878	606		
Total operating income (I)						FR	167,994	138,637		
OPERATING EXPENSES	Merchandise purchased (including customs duties)						FS	(150)	62	
	Change in inventory (merchandise)						FT	(498)	5	
	Raw materials purchased and other supplies (including customs duties)						FU	4,487	5,423	
	Change in inventory (raw materials and supplies)						FV	0	0	
	Other purchases and external expenses (3)(6A)						FW	100,205	101,565	
	Taxes and similar payments						FX	967	846	
	Wages and salaries						FY	7,633	6,328	
	Employee-related expenses						FZ	3,341	2,948	
	OPERATING PROVISIONS	On non-current assets: { - additions to D&A - additions to provisions  On current assets: additions to provisions  For liabilities and charges: additions to provisions						GA	24,847	206
								GB	0	0
								GC	152	199
								GD	1,437	382
	Other expenses						GE	161	467	
	Total operating expenses (II)						GF	142,581	118,430	
1 - INCOME FROM OPERATIONS (I - II)						GG	25,413	20,207		
Joint opera- tions	Profit attributed or loss transferred (III)						GH	0	0	
	Loss borne or profit transferred (IV)						GI	0	0	
FINANCIAL INCOME	Financial income from equity interests						GJ	0	3	
	Income from other transferable securities and receivables from non-current assets						GK	0	0	
	Other interest and income						GL	24	103	
	Write-back of provisions and transfer of expenses						GM	1,550	0	
	Currency gains						GN	267	482	
	Net income from disposal of marketable securities						GO	0	0	
Total financial income (V)						GP	1,841	588		
FINANCIAL EXPENSES	Financial additions to D&A and provisions						GQ	0	1,203	
	Interest and similar expenses						GR	130	30	
	Currency losses						GS	1,666	579	
	Net expense from disposal of marketable securities						GT	0	0	
Total financial expenses (VI)						GU	1,797	1,812		
2 - FINANCIAL RESULT (V - VI)						GV	44	(1,225)		
3 - RECURRING INCOME BEFORE TAXES (I-II+III-IV+V-VI)						GW	25,457	18,982		
EXTRAORDINARY INCOME	Extraordinary income on management operations						HA	14	0	
	Extraordinary income on disposals of non-current assets						HB	577	89	
	Write-back of provisions and transfer of expenses						HC	2,888	0	
	Total extraordinary income (VII)						HD	3,480	89	
EXTRAORDINARY EXPENSES	Extraordinary expenses on management operations						HE	3,038	3	
	Extraordinary expenses on disposals of non-current assets						HF	159	213	
	Extraordinary additions to D&A and provisions						HG	2,931	0	
	Total extraordinary expenses (VIII)						HH	6,127	215	
4 - EXTRAORDINARY RESULT (VII - VIII)						HI	(2,648)	(127)		
Employee profit-sharing					(IX)	HJ	840	934		
Income tax					(X)	HK	7,253	5,795		
TOTAL INCOME (I+III+V+VII)						HL	173,314	139,314		
TOTAL EXPENSE (II+IV+VI+VIII+IX+X)						HM	158,598	127,186		
5 - PROFIT OR LOSS (Total income - total expense)						HN	14,717	12,127		

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2021

### 1. Accounting framework

The financial statements of Focus Home Interactive were prepared according to the accounting principles applicable in France (reference 99-03), with observance of the cautionary principle and under the following basic assumptions:

- A going concern,
- Continuity of accounting methods from one period to the next,
- Independence of periods,

and in compliance with the general rules on the preparation and presentation of financial statements set out in regulation no. 2018-07 of 10 December 2018 amending ANC regulation no. 2014-03 of 5 June 2014.

Unless stated otherwise, the figures are stated in thousands of euros.

#### 1.1. Change in accounting method

The Group reviewed the presentation of its financial statements and decided to carry out a change to the accounting method in the classification of certain balance sheet items, which would not have any impact on its income statement:

- The Group decided to present investments in video games, whether developed by partner studios or its German studio Deck13, in intangible assets. These investments were previously presented in "Other receivables" but can now be directly identified in intangible assets under the non-current

assets section of the balance sheet rather than under the current assets section. This decision allows for greater visibility of assets overall by highlighting true current assets.

- Now, amounts paid to studios for the financing of games in development are amortised over the estimated life of the games, which is between 12 and 24 months depending on the pace of sales. This amortisation, entered in gross profit like all royalties, is calculated according to the same rule as the one used in previous years.

#### 1.2. Material events of the period

##### Finances

Focus Home Interactive recorded revenue of €166.5M over the twelve-month period ended 31 March 2021, whereas the revenue for the previous year was €137.8M at 31 March 2020. This 2020-2021 figure was obtained during public health crisis that had a non-measurable positive impact effect on digital sales. It is the result of success of new games such as "Snowrunner" as well as back catalogue sales that benefited from all successes of the portfolio of the Company such as "Farming Simulator 19", "World War Z", "A Plague Tale" and "Greedfall", etc.

Our operating expenses amounted to €142.6M at 31 March 2021 compared with €118.4M at 31 March 2020. This year's income from operations came to €25.4M. It was €20.2M for the year ended 31 March 2020.

Taking into account a financial profit of €44K, an extraordinary loss of €2.6K, the

€840K paid to employees for profit sharing and an income tax charge of €7.3M, the net income totalled €14.7M for the year ended 31 March 2021.

Assets on the balance sheet grew from €90.9M on 31 March 2020 to €122M on 31 March 2021. Equity grew from €56.8M on 31 March 2020 to €71.6M on 31 March 2021.

Net intangible assets significantly changed due to the change in accounting method that occurred in the half-year report at 30 September 2020 on the accounting of intangible assets linked to game development expenses. These intangible assets are €6,074K at 31 March 2021, compared with €14K at 31 March 2020. Net intangible assets increase remained stable and represent €650k at the end of March 2021 compared with €661k for the previous year.

The net cash position of the Company stood at €5.8M.

## **External growth**

On 23 June 2020, the Group finalised its acquisition of 100% of the share capital of the German company Deck13 Interactive GmbH ("Deck 13").<sup>1</sup>

Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition was carried out for a total amount of a €7.1M (of which €6.5M in

cash from the new bank financing facility<sup>2</sup> and €0.6M in treasury stock of the Company) combined with a long-term incentive plan for the managers, as described in note 3.10. The shares to be delivered at the end of the vesting period will be issued from a capital increase.

Deck 13 became the first studio to be fully brought into the Group on 1 July 2020.

## **Establishment of a new free share distribution plan and reallocation of treasury stock**

On 17 December 2020, the Company announced the establishment of a free share allotment plan for the four members of the Executive Committee, which would be linked to performance. In accordance with the 10<sup>th</sup> resolution of the Ordinary and Extraordinary General Meeting of 22 September 2020 authorising the issue of a maximum of 200,000 free shares, Focus Home Interactive's Supervisory Board authorised the Group's Management Board to establish a performance-based free share allotment plan.

The first beneficiaries of the plan are the following three Management Committee members: John Bert (Chief Operations Director), Luc Heninger (Chief Production Officer) and Thomas Barrau (Chief Marketing Officer). The newly issued shares will be acquired by the beneficiaries over a four-year period, on the condition that the beneficiary remain with the Group and achieve specific performance goals. Moreover, these members of the Management Board made a commitment to retain any ordinary shares currently held for a period of between four and six years.

On 26 January 2021, the Supervisory Board of Focus Home Interactive authorised the Management Board of the Group to put in place a free performance share plan involving the allotment of a maximum of 75,375 shares for the 35 key managers of the Company, in compliance with the authorisation to allot a maximum of 200,000 shares that was approved by the Ordinary and Extraordinary General Meeting of 22 September 2020.

The Management Board, acting on the power delegated by the General Meeting, also reallocated 20,000 treasury shares, representing a portion of the shares acquired under the stock buyback programme of Focus Home Interactive. The original intention was to retain these shares for later use as payment for any external growth transactions. They will now be earmarked for the implementation of plans involving stock options, warrants, free shares and employee shareholding operations reserved for members of a company savings plan, in accordance with current legal provisions, or the transfer of shares to the employees and/or managing executives of the Company and of the companies that are linked to it.

## **Implementation of a stock buyback programme**

Having received the prior authorisation of the Supervisory Board, the Company's Management Board met on 20 January 2021 to implement a stock buyback programme based on Resolution Nine of the Ordinary and Extraordinary General Meeting of 22 September 2020. On the basis of the authorisation, the Board entrusted the buyback of the Company's shares to an investment services provider. This investment services provider is permitted to buy a total number of 250,000 shares on any dates it deems appropriate and under the price conditions set out by said General Meeting. The programme will expire on 21 March 2022. Section IV.7 of this report contains further details on the transactions performed as part of this stock buyback programme. For sake of clarity, this decision does not affect the execution

of the liquidity contract signed between the Group and Bourse Gilbert Dupont.

As of 31 March 2021, Focus Home Interactive had bought back 127,753 of its shares under its buyback programmes (including 11,809 shares purchased under the 20 January 2021 programme). A year ago, the number of shares bought back was 151,759. Share sales also occurred during the financial period involving 36,015 shares, of which 27,099 were used to acquire the company Deck 13 Interactive, to pay for a portion of the company's shares and 8,916 were distributed to employees of the company Focus Home Interactive as part of an incentive plan including a free share plan.

<sup>1</sup> See the press release issued on 25 June 2020, available on the Company's website.

<sup>2</sup> As part of its development and acquisition strategy, Focus Home Interactive received a total of €46M in financing from five banking establishments and BPI France Financement in early February 2020. For more details, see section 1.2.1 of the Company's 2019-2020 annual report.

### **Deposits, sureties and guarantees**

At its meeting on 23 June 2020, the Management Board authorised its Chairman, subject to the condition precedent of the Company signing the share purchase agreement with Deck13 Interactive GmbH, to give any deposits, sureties or guarantees in the name of the Company with respect to banking establishments, up to a limit of €23.5M.

### **End of URSSAF audit**

On 26 December 2019, the Group was notified of an audit covering the years 2017 and 2018 being opened by the URSSAF (French social security agency) for the end of January 2020. The audit ended on 20 November 2020 and resulted in an immaterial adjustment.

## **Legal issues**

### **Change of primary shareholders**

On 8 July 2020<sup>3</sup>, Nabuboto and Innelec Multimédia (Thébaud Group), primary shareholders of the Company, signed a contract in which they sold their entire holdings of 1,883,218 shares (35.48% of stock) to Neology Holding, a subsidiary of FLCP & Associés. Under the terms of the contract, Nabuboto reinvested €11.3M in Neology Holding.

## **Change of governance – Composition of the Supervisory Board and Management Board**

### **Supervisory Board**

At its meeting of 27 July 2020, the Company's Supervisory Board noted the resignations of Georges Fornay, Christian Tellier and Claire Wanctin. The Supervisory Board co-opted Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as new members of the Supervisory Board for Focus Home Interactive. Mr Larue was also appointed Supervisory Board Chairman, replacing Denis Thébaud who had resigned from the position. The Supervisory Board then comprised four members: the three members co-opted on the proposal of Neology Holding and Denis Thébaud. On 22 September 2020, the General Meeting of Shareholders ratified the appointment of Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as Supervisory Board members.

At its meeting on 24 September 2020, the Supervisory

Board co-opted Tiffany Lamy to be a member of the Supervisory Board to replace Christophe Nobileau, who resigned.

As of the date of this report, the Supervisory Board has the following members:

- Fabrice Larue – appointed on 27 July 2020 (Chairman of the Supervisory Board);
- Tiphane Lamy – appointed on 24 September 2020;
- Tanguy de Franclieu – appointed on 27 July 2020;
- Denis Thébaud – appointed on 6 January 2015;
- Louise Tingström was appointed on 16 April 2021; and
- Thaima Samman was appointed on 16 April 2021.

### **Management Board**

At its meeting of 24 September 2020, the Supervisory Board noted the resignation of Jean-François Busnel from his position as Management Board member. Christophe Nobileau was appointed to replace Mr Busnel as a member of the Management Board, and he was also appointed Managing Director of the Company.

On 23 October 2020, Christophe Nobileau resigned from his position as Chief Executive Officer of the Company and was appointed Chairman of the Management Board to replace Jürgen Goeldner, who announced his resignation from his role as Chairman of the Management Board

for personal reasons. He became Senior Advisor to the Management Board and has worked on the M&A strategy. As of the date of this report, the Management Board has the following members:

- Christophe Nobileau was appointed Management Board member on 24 September 2020 and Chairman of the Management Board on 23 October 2020;
- John Bert – appointed on 1 January 2016.
- Luc Heninger – appointed on 1 January 2016; and
- Thomas Barrau – appointed on 29 June 2018.

<sup>3</sup> See the press release issued on 25 June 2020, available on the Company's website.



## **Executive Committee**

Starting 24 September 2020, an Executive Committee was put in place within the Company.

On 4 January 2021, John Bert was appointed Managing Director and, on 14 January 2021, the company announced Philippe Perthuis would be joining the Executive Committee in the role of Secretary General and Chief Business Model Officer.

At the date of this report, this committee was composed of the following:

- Christophe Nobileau – Chairman of the Management Board;
- John Bert – Deputy Managing Director and Management Board member;
- Luc Heninger – Chief Production Officer and Management Board member;
- Thomas Barrau – Chief Marketing Officer and Management Board member;
- Jean-François Busnel – Chief Financial Officer; and
- Philippe Perthuis, Secretary General and Chief Business Model Officer.

## **European Commission investigation**

The Company received a statement of objections from the European Commission in April 2019 as part of its investigation opened on 2 February 2017 in relation to agreements between Valve Corporation, owner of the video game distribution platform Steam, and five video game publishers including Focus Home Interactive.

The complaints essentially revolved around technical and contractual restrictions that would have allegedly limited the circulation of PC games in Europe.

On 9 November 2020, the Company announced<sup>4</sup> that

it was able to estimate the amount of the fine that was going to be imposed on it by the European Commission. This amount, corresponding to a maximum risk estimated at €3M, was entered in the financial statements at 30 September 2020 as a provision for liabilities.

On 20 January 2021, the Company was informed by the European Commission that it would be fined €2.9 million. As the provision for liabilities was no longer applicable, it was written back, and the fine was recognised as a payable at 31 March 2021.

## **Operations**

With more than 1 million copies sold in less than one month, SnowRunner, developed with the studio Saber, was the highlight of the beginning of 2020/21 year and continues to generate significant revenue with the regular contribution of additional content.

Due to the public health context, there were fewer new releases during this financial year. However, Focus Home Interactive and its partners continued to release titles such as Othercide, Hardspace: Shipbreaker (Early Access), MudRunner Mobile, Shady Part of Me

and Curse of the Dead Gods.

These games were all praised by the media and players, demonstrating once again the high quality of the Focus Home Interactive team and its partner studios. The back catalogue, up by 63%, was a major part of the revenue of this financial year. Flagship licenses such as World War Z, Farming Simulator and Insurgency: Sandstorm, all had new content, thereby extending the gaming experience and generating recurring revenue.

## **1.3. Events after 31 March 2021**

### **Changes in the Group's governance**

Following the General Meeting of Shareholders of the Company of 16 April 2021, the composition of the Supervisory Board was amended to include two new independent members and thus balance the ratio of men and women among the members of the Supervisory Board.

### **External growth**

On 20 April 2021, the Group announced the acquisition of the majority of the shares comprising the capital of the company Stream On Studio, paid in cash and in Focus Home Interactive shares. Stream On Studio is a leading French game development studio and has been a strong partner of the Group since 2013.

Stream On Studio, with a team of approximately 20 talented employees, has specialised in shooting games since it was created in 2007 and is owner of the E.Y.E. game license. Divine Cybermancy was an immediate hit with players as soon as it was released.

<sup>4</sup> See the press release issued on 25 June 2020, available on the Company's website.

## Capital increase

By decision of the Chairman of the Management Board of the Company, using the sub-delegation granted to him by the Management Board at its meeting of 18 May 2021, pursuant to and within the limits of (i) the authorisation granted to the Management Board by the Supervisory Board and (ii) the delegation of authority granted by the tenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021, the Company issued 1,050,000 new ordinary shares, with a par value of €1.20 each, to categories of beneficiaries, in accordance with Article L. 225-138 of the French Commercial Code and the tenth resolution adopted by the Company's Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021.

This capital increase was carried out with elimination of the preferential subscription right for shareholders of the Company for a category of shareholders for an amount of €70.35M in an accelerated bookbuilding process.

### 1.4. Use of estimates

The preparation of financial statements requires estimates and assumptions that could affect the book value of certain items on the balance sheet or income statement; they can also have impacts on disclosures in some of the notes to the financial statements.

The Company regularly reviews these estimates and assessments to take into consideration past experience and other factors deemed relevant under the persisting economic conditions.

The estimates, assumptions and assessments are based on the information or circumstances existing at the date the accounts were prepared. However, these could prove to differ from reality as time passes.

The main estimates and hypotheses relate, in particular, to the following:

- The valuation of intangible assets in particular games,
- The determination of provisions for liabilities and charges,
- The provisions for depreciation of inventory.

### 1.5. Non-current assets

Intangible assets are mostly investments made to studios as part of the contractual acquisition of publication and distribution rights over games, and other investments in games, whether or not the Group acquires the intellectual property (IP) of the game. These contracts can include minimum royalty guarantees and/or funding depending on the predetermined schedule. The payments are conditional on the achievement of development stages called Milestones.

Once a game is launched, the total investment is amortised over the estimated life of the game, generally between 12 and 24 months. This amortisation may be modified if expected sales will not enable to recover the initial payment that is the guaranteed minimum. The contracts also specified payment of royalties depending on game sales made. In cases in which the royalties to pay exceed the guaranteed minimum, Focus Home Interactive

records them as expenses in the income statement.

Other non-current assets are valued at their acquisition price, including any ancillary costs directly attributable to them.

Depreciation and amortisation are calculated on the asset's expected useful lifespan:

- Concessions, patents, licences: 3 years straight line
- General equipment, fixtures and fittings: 8-10 years straight line
- Office materials and computers: 3-5 years straight line
- Office furniture: 5-8 years straight line

Non-current assets can also be the subject of impairment when, due to events or circumstances during the year, their fair value becomes permanently less than their net book value.

### 1.6. Financial assets

Financial assets include in particular:

- deposits and sureties relating to outstanding borrowings and leases,
- receivables and treasury stock held as part of the liquidity contract with the company Gilbert Dupont.
- treasury stock held by the Company as part of the stock buyback programme.

When the book value is less than the gross value, a provision for impairment is established equal to that difference.

## 1.7. Inventory

Inventory is valued under the weighted average cost method.

The gross value of finished products and merchandise comprises the manufacture or purchase price and ancillary expenses including manufacturing fees paid to console manufacturers.

A provision for depreciation is recorded, calculated product by product on the basis of obsolescence, turnover ratio and the sale potential of the inventory. Each year, the Company writes back the entire provision of the previous year and calculates a new provision for the year.

With regard to sales by consignment in certain countries outside France, the consigned games remain the property of FHI and are recorded under inventory until sold by the distributor.

## 1.8. Trade receivables

Trade receivables are recorded at face value. A provision for impairment is recorded when the book value of the receivables shows a risk of non-recovery. The book value is assessed on a case-by-case basis according to the age of the receivable and the customer's situation.

## 1.9. Other receivables

Other receivables are mainly composed of other tax and employee-related receivables.

## 1.10. Currency operations

The Company applies Regulation 2015-05 of the French Accounting Standards Authority (ANC) on futures and hedging transactions.

The currency operations are recorded at the monthly average rate of the month in which they are conducted.

Credits and debts not expressed in euros are converted at the exchange rate at the close to be incorporated into the balance sheet. Currency translation differences are recorded appropriately in the assets or liabilities of the statement of financial position.

The Company regularly conducts operations to hedge currency risks. Such hedges relate to collections in USD

and GBP, and are entered into according to the expected USD and GBP inflows which are revised during the year.

As of 31 March 2021, the Company held outstanding hedge contracts for the purchase commitments of GBP 750K and sale commitments of USD 11M. The guaranteed rates of the different contracts are as follows:

- For purchase contracts in GBP (countervalue in EUR): between GBP 0.903 and GBP 0.923 for 1 euro
- For sale contracts in USD (countervalue in EUR): between USD 1.187 and USD 1.212 for 1 euro.

## 1.11. Provision for liabilities

A provision is recognised when the following three conditions are met:

- there is a current obligation (legal or implied) resulting from a past event,
- settlement of the obligation will probably require an outflow of resources representing economic benefits,
- a reliable estimate can be made on the amount of the obligation.

A provision for liabilities has been established for the risk of returned merchandise from customers. This provision is assessed by offsetting the profit margin made on the sales of games presenting a possibility of clearance and those remaining in stock at main customer outlets, based on the return rate assessed for each title according to its sales performance.

## 1.12. Provision for charges

The provision for charges mainly concerns pension benefits. French employees of the Company receive pension benefits under French regulations:

- receipt of a retirement payment from the Company at the time of retiring (defined benefits scheme);
- payment of a pension by social security bodies, which are funded by the company and employee contributions (defined contributions scheme).

The retirement schemes, related payments and other company benefits are treated as defined benefit schemes (schemes in which the Company commits to guarantee an amount or a level of defined payment) are recognised in the balance sheet on the basis of an actuarial valuation of the commitments at the date of closing, minus the fair value of the assets of the related plan that are dedicated to them.

This appraisal rests notably on assumptions relating to salary changes, retirement ages and on the use of the projected unit credit method, as well as taking into account staff turnover and mortality rates.

The Company's payments to the defined contributions schemes are recorded as expenses in the income statement for the period to which they relate.

The retrospective method of calculation has been applied: the projected unit credit method with employees at the end of their careers (rights to payment updated at current date with end of career salaries).

The retirement commitments as of 31 March 2021 were calculated according to the following assumptions:

- All employees under a permanent contract;
- Discount rate: 0.73%;
- Salary increase rate 3%;
- Mortality table: INSEE TV/TD 2011-2013.

This compensation is calculated on the voluntary retirement of employees at 65 years of age in accordance with the provisions of the collective bargaining agreement in force with Company.

### 1.13. Deferred income

Deferred income comprises advances paid by customers for pre-launch games. Such income is recognised under sales at the time of marketing the game in the territory covered by the distribution contract under which the advance payments are made.

### 1.14. Revenue

The Company's revenue is exclusively composed of the physical and digital sale of video games.

**a) Physical products (retail sales):** The sales of physical products are recorded on the date ownership of the game passes to the customers. This amount is net of discounts, rebates and commissions granted to the distributors.

**b) Digital products (digital sales):** Sales of download games are recorded at the time of downloaded by the end customer through the Company's websites or the download platforms of third parties (digital distributors). This amount is net of discounts, rebates and commissions granted to the distributors.

### 1.15. Other income

This item includes trademark assignments

### 1.16. Financial result

The financial result includes the income and expenses from cash and cash equivalents and bank finance (including discounts received or conceded), interest expense on borrowings, and currency gains and losses.

### 1.17. Extraordinary result

The extraordinary result is composed of other non-recurring transactions.

### 1.18. Closing date of accounts

The company closes its annual accounts on 31 March.

## 2. Explanation of items recognised in the statement of financial position, income statement and their variations

### 2.1. Intangible assets

Intangible assets include mainly amounts paid to studios providing services for games developed or in progress and not yet marketed at the date of closing as well as investments in the Group's working tools.

Once a game is released during the accounting period, the game's value in "intangible assets in progress" is reclassified in "game development costs".

	31/03/2020 Restated	Acquisitions	Disposals	Reclassifica- tion	31/03/2021
Game development costs	8,041	-	-	23,619	31,660
Concessions, patents, licences, software	475	15	-	-	490
Development costs of games in progress	44,031	40,745	-	(23,619)	61,156
Other intangible assets in progress	-	326	-	-	326
<b>GROSS INTANGIBLE ASSETS</b>	<b>52,547</b>	<b>41,085</b>	<b>-</b>	<b>-</b>	<b>93,632</b>
Amort. on patents, licences, trademarks, software	(1,711)	(23,879)			(25,590)
Game development costs	(467)	(19)			(486)
Game development costs	-				-
<b>AMORT. ON INTANGIBLE ASSETS</b>	<b>(2,178)</b>	<b>(23,898)</b>	<b>-</b>	<b>-</b>	<b>(26,076)</b>
<b>NET INTANGIBLE ASSETS</b>	<b>50,369</b>	<b>17,187</b>	<b>-</b>	<b>-</b>	<b>67,556</b>

## 2.2. Property, plant & equipment

Property, plant and equipment consist of IT equipment, construction works and the fitting of premises.

	31/03/2020	Acquisitions	Disposals	Transfers	31/03/2021
Buildings and improvements	190	30			220
General equipment and fixtures	154	95			249
Other property, plant & equipment	1,054	97		104	1,255
Property, plant & equipment in progress	104	1		(104)	1
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>1,503</b>	<b>224</b>	<b>-</b>	<b>-</b>	<b>1,726</b>
Deprec. on buildings and improvements	(131)	(24)			(154)
Deprec. on general equipment and fixtures	(101)	(30)			(130)
Deprec. on other property, plant & equipment	(611)	(179)			(790)
<b>DEPREC. ON PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>(842)</b>	<b>(233)</b>	<b>-</b>	<b>-</b>	<b>(1,075)</b>
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>661</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>652</b>

Purchases of property, plant and equipment were mostly composed of IT equipment. Disposals pertain to the transfer of assets no longer in service.

## 2.3. Financial assets

	31/03/2020	Acquisitions Additions	Disposals Reversals	Transfers	31/03/2021
Equity securities	1	7,420			7,421
Security deposits	198	381			578
Other financial assets	-				-
Liquidity contract - non-current receivables	113	207			320
Liquidity contract - treasury stock	4,006		(243)		3,763
Receivable on treasury stock buyback contract		534			534
<b>GROSS VALUE OF FINANCIAL ASSETS</b>	<b>4,317</b>	<b>8,543</b>	<b>(243)</b>	<b>-</b>	<b>12,617</b>
Impairment on equity securities	(1)				(1)
Impairment on treasury stock	(1,550)		1,550		-
<b>NET VALUE OF FINANCIAL ASSETS</b>	<b>2,767</b>	<b>8,543</b>	<b>1,306</b>	<b>-</b>	<b>12,616</b>

Financial assets are mainly investment securities of the company Deck 13 and treasury stock of the Company. Also included in this item are the liquidity account available from the company Gilbert Dupont (as part of the liquidity contract) which has not, at closing, been invested in treasury stock, the receivables from the company Gilbert Dupont corresponding to the amounts not yet invested in treasury shares as part of the stock buyback programme and the bank guarantee deposits linked to loans, including accrued interest.

**List of subsidiaries and investments:**

	Amount of equity interest	Percentage of capital held	Equity excl. net income	Net income of last year ended
<b>A. DETAILED INFO ON SUBSIDIARIES AND EQUITY INTERESTS</b>				
<b>1. Subsidiaries (&gt;50% of capital held)</b>				
FHI US (amounts in EUR)	1	100%	67	350
Deck13 Interactive GmbH (amounts in EUR)	7,420	100%	1,157	(250)
<b>2. Equity interests (10%-50% of capital held)</b>				
<b>B. SUMMARY INFO ON OTHER SUBSIDIARIES AND EQUITY INTERESTS</b>				
None				

## 2.4. Inventory and works in progress

	31/03/2021			31/03/2020
	Gross	Provision	Net	Net
Merchandise	701	(23)	678	159
Finished products	463	(103)	360	332
<b>INVENTORY TOTAL</b>	<b>1,164</b>	<b>(126)</b>	<b>1,038</b>	<b>491</b>

At the close of the year, the Company writes back all depreciation recorded at the previous close and calculates a new depreciation entry. As of 31 March 2021, an addition of €126k and a write-back of €199k were recognised, resulting in an increase of €73k on the income from operations.

## 2.5. Status of receivables, advances and liabilities

Status of receivables	Gross amount	Under one year	Over one year
Other financial assets (security deposits)	578	-	578
Doubtful or litigated trade receivables	30	30	-
Other trade receivables	16,194	16,194	-
Staff and related payables	30	30	-
State - Value Added Tax	2,239	2,239	-
Statement - other receivables	88	88	-
Miscellaneous debtors	227	227	-
Deferred expenses	2,819	2,819	-
<b>TOTAL</b>	<b>22,206</b>	<b>21,627</b>	<b>578</b>

Trade receivables are payments owed within one year.

On 31 March 2021, the provision for bad debts from trade receivables was €30k compared with €20k in N-1. No loss from irrecoverable receivables was recorded on 31 March 2021 or 31 March 2020.

Deferred expenses only relate to operating expenses.

Expenses on games in development essentially comprise the marketing and production costs (localisation and testing) as well as the additional development costs for games currently in development. These costs are recorded as expenses at the time the games are launched.

Status of liabilities	Gross amount	Due at 1 year or more	Of which due between 1 and 5 years	Of which due after 5 years
Miscellaneous borrowings and financial debt	12,506	2,336	6,933	3,237
Trade payables	23,886	23,886		
Staff and related payables	2,201	2,201		
Social security and other bodies	1,001	1,001		
Income tax	1,144	1,144		
Value Added Tax	190	190		
Other taxes and similar payments	1,342	1,342		
Other payables	4,098	4,098		
Deferred income	71	71		
<b>Overall total</b>	<b>46,441</b>	<b>36,271</b>	<b>6,933</b>	<b>3,237</b>

Following the write-back of the provision for liabilities relating to the European Commission fine in the amount of €2.9M that is described in paragraph 2.9, this fine appears, at 31 March 2021, in an debt account and will be paid in the month of July 2021.

## 2.6. Pending income

	Amount
<b>Financial assets</b>	
Other financial assets	
<b>Receivables</b>	
Trade receivables	12
Staff	
State	1,716
Other pending income	
Other receivables	
<b>Investment securities</b>	
Cash and cash equivalents	
<b>Total</b>	<b>1,728</b>

## 2.7. Equity

As of 31 March 2021, Focus Home Interactive's share capital comprised 5,329,942 fully paid-up ordinary shares at a par value of €1.20 each.

Item	31/03/2020	Alloc. Profit/loss	Capital transactions	Profit/loss	Others	Dividends distributed	31/03/2021
<b>SHARE CAPITAL</b>	<b>6,369</b>		<b>27</b>				<b>6,396</b>
Share, merger, contribution premiums	22,311		59				22,370
<b>PREMIUMS &amp; DIFFERENCES</b>	<b>22,311</b>		<b>59</b>				<b>22,370</b>
Legal reserve	779						779
<b>RESERVES</b>	<b>779</b>						<b>779</b>
Retained earnings	15,210	12,127			(20)		27,317
Profit/loss	12,127	(12,127)		14,717			14,717
<b>PROFIT/LOSS &amp; RETAINED EARNINGS</b>	<b>27,337</b>	<b>-</b>		<b>14,717</b>	<b>(20)</b>		<b>42,034</b>
Depreciation allowances	-				43		43
Regulated provisions	-				43		43
<b>EQUITY</b>	<b>56,796</b>		<b>86</b>	<b>14,717</b>	<b>23</b>		<b>71,622</b>

Capital transactions include the exercise of warrants, stock options, and the definitive vesting of free shares.



### Breakdown of share capital:

	Number	Par value
Start of year	5,307,192	1.2
Shares issued during year	22,750	1.20
End of year	5,329,942	1.2

As of 31 March 2020, the share capital was composed of 5,307,192 shares with a par value of €1.20 each, on 31 March 2021, it was composed of 5,329,942 shares with a par value of €1.20 each.

During the 2020/2021 financial period, the 22,750 new shares issued during the period result from the following transactions:

- Exercise of 5,000 BSA-2015 warrants on 27 July 2020
- Definitive vesting of 1,800 shares of the AGA 2019 plan on 24 September 2020
- Definitive vesting of 14,700 shares of the AGA 2018 plan, on 12 October 2020
- Exercise of 750 options of the SO 2017-01 plan, on 19 January 2021
- Exercise of 500 options of the SO 2019 plan, on 4 March 2021

## 2.8. Potential capital – Dilutive instruments

The Company has allocated or issued different transferable securities giving a right to equity. Changes during the relevant period to each type of security giving future equity is presented below, along with summary tables of the plans.

### a) Allotment of free shares (AGA)

Allotment of free shares						
Date authorised	11/10/2018	26/06/2019	23/06/2020	27/07/2020	17/12/2020	26/01/2021
Date vested	1/3 until 2022	Variable until 2023	Half until 2022	September 2021	December 2024	December 2024
End of holding period	Until 2023	Until 2024	Until 2023	Until 2022	Until 2026	Until 2026
<b>Number allocated</b>	<b>48,600</b>	<b>5,600</b>	<b>97,580</b>	<b>3,000</b>	<b>70,000</b>	<b>75,375</b>
Number cancelled	3,000	-	24,594	-	-	-
<b>Number still under vesting period on 31/03/2021</b>	<b>16,800</b>	<b>3,800</b>	<b>72,986</b>	<b>3,000</b>	<b>70,000</b>	<b>75,375</b>
<b>Number still under holding period on 31/03/2021</b>	<b>14,700</b>	<b>1,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

At its meeting of 23 June 2020, the Management Board adopted a free share allotment plan involving 72,986 shares for the managers of Deck 13 Interactive (AGA 2020-1, 2020-2, 2020-3, 2020-4), under the powers delegated by the Ordinary and Extraordinary General Meeting of 24 September 2019 and as authorised by the Supervisory Board on 5 June 2020.

At its meeting on 27 July 2020, the Management Board adopted a free share allotment plan (AGA 2020-5), under the powers delegated by the Ordinary and Extraordinary General Meeting of 24 September 2019 and as authorised by the Supervisory Board at its meeting of 24 June 2020. This 2020-5 free share allotment plan allows the allotment of 3,000 free shares to Jean-François Busnel.

At its meeting on 17 December 2020, the Management Board of the Company, as authorised by the Supervisory Board at its meeting on 17 December 2020, authorised the creation of a free performance share plan involving the allotment of 70,000 free shares for three members of the Management Board. In compliance with resolution no. 10 approved by the Ordinary and Extraordinary General Meeting of 22 September 2020 authorising the

allotment of a maximum amount of 200,000 free shares.

The first beneficiaries of the plan are the following Management Board members: John Bert (Chief Operations Director), Luc Heninger (Chief Production Officer) and Thomas Barrau (Chief Marketing Officer). The newly issued shares will be acquired by the beneficiaries over a four-year period, on the condition that the beneficiary remain with the Group and achieve specific performance goals. Moreover, these members of the Management Board made a commitment to retain any ordinary shares currently held for a period of between four and six years.

At its meeting on 26 January 2021, the Management Board, following authorisation by the Supervisory Board at its meeting on 26 January 2021, authorised the creation of a free performance share plan involving the allotment of 75,375 free shares for 35 key managers. The newly issued shares that will be acquired by the beneficiaries over a four-year period are conditional on the beneficiary remaining with the Group and achieving specific performance goals.

The table shows the plans in effect at 31 March 2021.



## b) Stock options

At 31 March 2021	Stock options	
Date authorised	06/10/2017	26/06/2019
<b>Exercise deadline</b>	<b>06/10/2022</b>	<b>26/06/2024</b>
Exercise price	21.3	18.5
Number authorised	25,000	25,000
<b>Number allocated</b>	<b>7,450</b>	<b>15,750</b>
Number cancelled	500	
Number exercised	1,250	500
<b>Residual quantities</b>	<b>5,700</b>	<b>15,250</b>

On 19 January 2021, the Company's Management Board recorded an increase in the share capital due to an employee's exercise of 750 stock options as part of SO 2017-01 plan allotted by the Management Board on 6 October 2017, under the powers delegated by the General Meeting of 27 September 2017. The subscription price of these 750 shares was €21.34 per share.

The Company's Management Board also recorded an increase in the share capital resulting from an employee's exercise of 250 stock options as part of the SO 2019 plan awarded by the Management Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The subscription price of these 250 shares was €18.53 per share. The Management Board recorded the creation of 1.000 shares with a par value of €1.20, which increased the share capital by € 1.200.

At its meeting on 4 March 2021, the Company's Management Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Management Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The subscription price of these 250 shares was €18.53 per share. The Management Board recorded the creation of 250 shares with a par value of €1.20, which increased the share capital by € 300.

These were the only two plans in force on 31 March 2021.

## c) Warrants (BSA)

In 2015, the Group issued 5,000 warrants as part of the BSA 2015 plan allotted on 6 January 2015 (open for a 10-year period at a price of €9.10).

At its meeting on 27 July 2020, the Management Board recorded a share capital increase resulting from the exercise of 5,000 warrants (BSA-2015) by the company Neology Holding allotted by the Management Board on 6 January 2015, under the powers delegated by the Ordinary and Extraordinary General Meeting of 6 January 2015 and after obtaining the prior written approval of the Supervisory Board on 6 January 2015. The Management Board recorded the creation of 5,000 new shares with a par value of €1.20 each, which increased the share capital by €6,000.

At 31 March 2021, there are thus no longer any share subscription warrants (BSA) in existence.

## 2.9. Provisions on the balance sheet

	31/03/2020	Increases Additions	Decreases Write-backs	31/03/2021
Provisions for currency losses	11	153	(11)	153
Provision for retirement benefits	215	104	-	318
Other prov. for liabilities and charges	420	4,068	(3,259)	1,229
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>646</b>	<b>4,325</b>	<b>(3,270)</b>	<b>1,701</b>
Provision on equity securities	1,550	211	(1,761)	0
Provisions on inventory and works in progress	199	323	(325)	126
Provisions on trade receivables	20	38	(28)	30
<b>PROVISIONS FOR IMPAIRMENTS</b>	<b>1,769</b>	<b>572</b>	<b>(2,184)</b>	<b>157</b>
<b>OVERALL TOTAL</b>	<b>2,415</b>	<b>4,897</b>	<b>(5,454)</b>	<b>1,857</b>

The amount of the fine imposed by the European Commission in the estimated amount of €3M was recognised in the financial statements at 30 September 2020 in the form of a provision for liabilities. On 20 January 2021, the European Commission announced the imposition of a fine in the final amount of approximately €2.9M on the Company as part of its inquiry on the practice called geo-blocking that it had initiated on 2 February 2017. This provision was thus written back in the second half of the financial period.

Following the write-back of liabilities provision, at 31 March 2021 this fine is entered as a payable and will be paid during the month of July 2021. The provisions for liabilities also represent the provision for risk of customer returns and the provision for charges on employee-related expenses on the allotment of free shares.

## 2.10. Borrowings and financial debt

	31/03/2020	New borrowings	Reimbursements	31/03/2021
<b>Bank loans (excl. overdrafts)</b>	<b>1,661</b>	<b>11,508</b>	<b>(1,914)</b>	<b>11,256</b>
- of which due under one year	1,261			1,086
- of which due between 1 and 5 years	401			6,933
- of which due after 5 years				3,237
<b>Revolving</b>		<b>2,500</b>	<b>(1,250)</b>	<b>1,250</b>
<b>Bank overdraft</b>	<b>0</b>			<b>0</b>
<b>Financial debt</b>	<b>1,661</b>	<b>14,008</b>	<b>(3,164)</b>	<b>12,506</b>
<i>Cash and cash equivalents*</i>	<i>18,832</i>			<i>18,278</i>
<b>NET DEBT</b>	<b>(17,171)</b>			<b>(5,772)</b>

Gross financial debt, excluding bank overdrafts, includes two bank loans as well as a BPI loan that was renegotiated in November 2017. These loans are accompanied by financial covenants in effect as of 31 March 2021 (see note 2.17 on the commitments).

Loans and financial liabilities are fixed-rate loans in euros and details on these loans are provided below: this loan is a fixed-rate loan in euros, details on which are provided below:

Bank	Amount rate	Nominal rate	Term and repayment conditions	Date of borrowing	Balance on 31/03/2021	Balance on 31/03/2020
CREDIT POOLING T1	€6,500k	1.10%	7 years, 8 different dates with varying reimbursement amounts	June-20	€5,826K	-
BPI	€5,000k	0.80%	7 years, 20 quarterly payments, no deferral	May-20	€5,000k	-
BPI	€1,200k	2.39%	5 years, 20 quarterly payments, no deferral	Oct-17	€420K	€660k

As of 31 March 2021, the Group had moreover drawn down 100% of its revolving credit line of €2.5M from BPI. This line has a two-year maturity date and its interest rate is indexed to the 3-month Euribor. This line was repaid at €1.25M.

## 2.11. Pending expenses

	Amount
Loans and borrowings from credit institutions	10
Trade payables	20,278
Tax and employee-related payables	3,757
Other payables	202
<b>TOTAL</b>	<b>24,247</b>

## 2.12. Workforce

	31/03/2021	31/03/2020
Managers	49	42
Technicians and supervisors	23	18
Employees	75	67
<b>Total average workforce</b>	<b>146</b>	<b>127</b>

At 31 March 2021, the average workforce was composed of 146.4 full-time employees of Focus Home Interactive.

## 2.13. Financial result

	31/03/2021	31/03/2020	Variation
Currency gains	267	482	(215)
Other financial income	24	106	(82)
Write-back of provision for impairment	1,550	0	1,550
<b>Financial income</b>	<b>1,841</b>	<b>588</b>	<b>1,253</b>
Currency losses	1,666	579	1,088
Financial interest	128	28	100
Provision for impairment on treasury stock	0	1,203	(1,203)
Other financial expenses	2	2	0
<b>Financial expenses</b>	<b>1,797</b>	<b>1,812</b>	<b>(16)</b>
<b>FINANCIAL RESULT</b>	<b>44</b>	<b>(1,225)</b>	<b>1,268</b>

## 2.14. Extraordinary result

	31/03/2021	31/03/2020	Variation
Write-back of D&A and provisions	2,888	0	2,888
Profits from liquidity contract	577	89	488
Other extraordinary income	14	0	14
<b>Extraordinary income</b>	<b>3,480</b>	<b>89</b>	<b>3,391</b>
Additions to D&A and provisions	2,931	0	2,931
Fines and penalties	0	3	(3)
Losses from liquidity contract	159	176	(17)
Other extraordinary expenses*	3,038	37	3,001
<b>Extraordinary expenses</b>	<b>6,127</b>	<b>215</b>	<b>5,912</b>
<b>EXTRAORDINARY RESULT</b>	<b>(2,648)</b>	<b>(127)</b>	<b>(2,521)</b>

As described in paragraph 2.9, during the financial year, the fine of the European commission was subject to an allocation at 30 September 2020 and a provision write-back at 31 March 2021. This fine is entered as a payable at the end of March 2021. It is entered as an extraordinary result in "Other expenses" due to the nature of the expense.

## 2.15. Breakdown of tax applicable to companies

	31/03/2021	31/03/2020
Income from operations excl. employee-related contrib. & equity interest	(8,417)	(6,559)
Gifts	(5)	(1)
Withholdings at source	10	21
Financial result	(14)	397
Extraordinary result	875	41
Equity interest	300	303
Employee-related contribution	0	-
Others		3
<b>Tax on companies</b>	<b>(7,253)</b>	<b>(5,795)</b>
<b>Deferred tax position</b>	<b>31/03/2021</b>	<b>31/03/2020</b>
Prepaid taxes on:		
- expenses temporarily non-deductible (deducted next following year):	741	1,259
<b>Total relief</b>	<b>741</b>	<b>1,259</b>
<b>Total increases</b>	<b>-</b>	<b>218</b>
<b>Deferred tax position</b>	<b>(741)</b>	<b>(1,041)</b>

## 2.16. Details of consolidating parent company

Company name: Focus Home Interactive.

Legal form: A public limited company (Société Anonyme) with share capital of €6,395,930.40 as of 31 March 2021.

Registered office address: 11, Rue de Cambrai, 75019 Paris.

The Company is the parent company of a group that consolidates its accounts.

## 2.18. Off-balance-sheet commitments

### 1. Commitments given

#### a) Commitments given to studios and right holders

As of 31 March 2021, the Company had signed contracts with studios for the acquisition of publication and distribution rights as well as for licences on the adaptation rights of a trademark or title with the right holders of the relevant trademark, title or franchise.

The amounts remaining to pay are expressed below in €K:

	31/03/2021	31/03/2020
Commitments given to studios and right holders	39,290	78,410
<i>Of which to studios</i>	35,998	77,054
<i>Of which to right holders</i>	3,293	1,356

	31/03/2021	31/03/2020
Commitments given to studios and right holders	39,290	78,410
<i>Of which due under one year</i>	38,804	43,350
<i>Of which due between 1 and 5 years</i>	487	35,060

Once paid, these amounts will be recognised in the assets side of the balance sheet in intangible assets according to the principle described in note 1.5.

#### b) Operating lease commitments

Leases include two property leases signed on 2 March 2020 for the Company's registered office.

	31/03/2021	31/03/2020
Commitments on property leases (rents & expenses)	5,397	6,416
<i>Of which due under one year</i>	1,094	1,019
<i>Of which due between 1 and 5 years</i>	4,303	4,376
<i>Of which due after 5 years</i>	-	1,021

The Company also rents out certain facilities under rental agreements that can be terminated.

#### c) Leases

The Company has entered into leases for equipment rental but these are not of a significant amount.

#### d) Bank covenants

On 31 March each year, the Company must be in compliance with a covenant under the loan agreement signed in February 2020 and expressed as a ratio of consolidated financial debt over the consolidated income from operations.

#### e) Currency hedges

The Company's exposure to currency risks principally concerns sales made with customers in US dollars rather than the expenses incurred in that currency.

Focus Home Interactive is also exposed to currency risks relating to the pound sterling due to its trade relationship with a studio based in England. Invoices from this studio are in GBP. The Company must therefore regularly purchase pounds to satisfy its contractual obligations with this studio.

See note 1.10 for information on the currency hedging policy.

## 2. Commitments received

The Group benefits from commitments on the part of its banks and financial partners regarding revolving lines of credit and an overdraft facility of €1.25M.

## Transactions with related parties

The Company remunerates its members of the Supervisory Board in compliance with the decisions approved by the General Meeting. The table below indicates the remuneration paid and to pay to the members of the Supervisory Board.

Remuneration in thousands of euros	31/03/2021	31/03/2020
Compensation for service (1)	12	36
Attendance-related fees (2)	45	45
<b>TOTAL</b>	<b>57</b>	<b>81</b>

(1) Compensation for service to chairman of the Supervisory Board.

(2) Attendance-related fees owed to Supervisory Board members.

The Company has not identified any transactions with related parties that were not entered into under normal market conditions or that had a material impact on the accounts. No additional information required under Article R. 123-198 11 of the Commercial Code is required.





**AUDITOR'S SPECIAL REPORT ON  
RELATED-PARTY AGREEMENTS**

**Annual General Meeting convened to approve financial statements  
for the year ended 31 March 2021**





## AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

### Annual General Meeting convened to approve financial statements for the year ended 31 March 2021

For the attention of the General Meeting of Focus Home Interactive,

As the auditors of your company, we have prepared this report on related-party agreements.

Based on the information provided, it is our responsibility to inform you of the features and essential conditions of the agreements disclosed to us or discovered by us during our assignment. We do not comment on their usefulness or merit. Nor is it our task to search for any other such agreements. Under the terms of Article R. 225-58 of the French Commercial Code, it is the responsibility of the shareholders to assess the benefits arising from these agreements to decide on their approval.

Furthermore, it is incumbent on us, where applicable, to disclose to you the information set out in Article R. 225-58 of the French Commercial Code on the execution during the past year of the agreements already approved by the shareholders.

We have carried out all due diligence deemed necessary under the professional standards of the National Auditing Body (Compagnie nationale des commissaires aux comptes) in relation to this assignment. Such diligence included the verification of the information given against the documents on which the agreements are based.

#### RELATED-PARTY AGREEMENTS SUBJECT TO APPROVAL BY THE GENERAL MEETING

##### Agreements authorised and entered into during the past year

We inform you that we have not been provided with any information on any agreement authorised and entered into during the past financial year subject to the approval of the general meeting in application of the provisions of Article L. 225-86 of the French Commercial Code.

#### RELATED-PARTY AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

##### Agreements approved in previous years and still performed during the past year

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the execution of the following agreements, previously approved by the general meeting in previous years, continued during the past year.

##### ***Agreement with Innelec Multimédia (Denis Thébaud, member of the Supervisory Board is also Chairman of Innelec Multimédia).***

As part of the trade relationship between FHI and Innelec Multimédia, FHI invoiced a total of €62K for video game sales under this agreement, during the year ended 31 March 2021.

##### ***Termination of the employment contract signed with Deborah Bellangé, Management Board member until 31 January 2020***

On 17 December 2019, as authorised by the Supervisory Board on 12 December 2019, an agreement to terminate the employment contract of Deborah Bellangé was signed by Ms Bellangé and the Company. This agreement provides for:

- the payment of compensation for contractual termination,
- the lifting of the presence condition applicable to 3,000 free shares allotted to Ms Bellangé by the Company on 11 October 2018, and
- the compliance with the non-compete clause in return for remuneration over 12 months as set out in her employment contract.

On the basis of this agreement, expenses (including employee-related expenses) of €150K were recorded for the year ended 31 March 2021.

##### Agreements authorised during the past year

We have moreover been informed of the execution, during the past year, of the following agreement, already approved by the General Meeting of 16 April 2021, on the auditors' special report dated 30 March 2021.

##### ***Contract for provision of services between FOCUS HOME INTERACTIVE and FLCP & Associés***

On 10 December 2020, a services contract between the Focus Home Interactive and the company FLCP & Associés was authorised by the Supervisory Board. This services contract specifies:

- The provision of advising in the matter of acquisitions and strategy relating to acquisition by merger.
- Annual fixed remuneration of €250,000 excl. VAT, as well as remuneration in the form of success fees, that can range from 0.3% to 0.5% excl. VAT of the “portion of the company value at 100% of the acquired company”
- The term of the agreement starts with the signature of the contract and lasts until 31 March 2022 and will renew automatically each year, for a period of one year from 1 April to 31 March, unless terminated by one of the parties.

On the basis of this agreement, expenses of €77K were recorded for the year ended 31 March 2021.

Vélizy-Villacoublay and Paris-La Défense, 15 July 2021

Auditors

**Gatti Conseil**  
Bertrand Gatti

**Deloitte & Associés**  
Julien Razungles



## **2020-2021 CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT**

**This report has not been certified by a third-party independent agency**





## A MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Focus is keenly aware of its role and wishes to respond to the environmental, social and societal issues of our times.

Our desire to set an example and our unwavering resolve drive us to make a commitment for the planet, our employees, our partners, and, of course, our players.

This first CSR report is a reflection of this desire by presenting the foundations of our commitments.

During 2020-2021, we launched several major initiatives in this area, such as the reorganisation of our governance bodies, measuring our carbon footprint and shifting to 100% renewable electricity.

After interviewing all of our internal and external stakeholders, we were able to decide on CSR issues that are specific to our business activity and which are top priority for Focus Home Interactive. For each issue, we defined an action plan and monitoring indicators that allow us to measure our progress.

This initial work is presented in this report and will be subject to change over time to continuously adapt our company to the CSR issues of our times.

I would like to thank everyone who took part in this project, and in particular all our employees, who are very dedicated, and rightfully so, to the challenge of protecting our planet.

Christophe Nobileau, Chairman of the Management Board of Focus Home Interactive

## INTEGRATING CSR INTO FHI'S ACTIVITIES

### Our CSR ambition and our vision

As a French video game publisher with more than 20 years of experience, our players and their satisfaction are our main preoccupation. With many partnerships with independent studios, we want to provide our players with a responsible game experience that is original and entertaining.

Through our CSR strategy, we aim to provide concrete solutions to the various environmental, social, and societal issues of the video game industry, and respond to our stakeholders' expectations. The goal of this first report is to lay the foundation for our commitment and our long-term vision.

### The challenges in our sector

The video game industry is constantly changing, which gives rise to many challenges and new issues for sustainable development:

- The acceleration of the shift from sales in physical stores to digital sales was increased by the COVID-19 public health crisis;
- The environmental impact of digital technology is growing: the digital sector is responsible for 4% of greenhouse gas emissions worldwide<sup>(1)</sup> and therefore plays a major role in the fight against climate change;
- The increase in environmental regulations;
- The challenge of equality and gender equality in a sector that lags behind in this area;
- The search for talent and creating loyalty in a highly competitive market;
- The extremely rapid pace of change of skills in the sector;
- The need to anticipate trends in the consumption of our products;
- The increase in cyberattacks, and the risks of fraud and pirating;
- The growing burden of regulations on the protection of personal data (GDPR);
- The growth of online communities and the prevention of toxic behaviour.

### Our approach to defining our CSR strategy

#### Our CSR issues and our contribution to the UN Sustainable Development Goals

During the 2020-2021 financial period, Focus Home Interactive (FHI) identified the main non-financial challenges in its sector with respect to its size. We conducted an internal documentary analysis, an analysis of the studies and standards in the industry on the subject, a benchmark of the companies in the industry, and a comparison of the non-financial standards applicable

to our sector. These analyses allowed us to identify a list of 15 non-financial issues that are particularly important for our Company, which we presented to our internal and external stakeholders in a series of interviews. Based on these interviews, we conducted a materiality analysis to help identify the biggest issues (material issues) for the Company and our stakeholders.

A part of this analysis, FHI also determined which of the 17 United Nations Sustainable Development Goals (SDG) are part of the scope in which FHI has the most impact:



<sup>(1)</sup> <https://www.ademe.fr/sites/default/files/assets/documents/guide-pratique-face-cachee-numerique.pdf>

## To engage our stakeholders through an initial dialogue in 2020-2021

In 2020-2021, FHI carried out a mapping of its stakeholders. The Company considers all organisations that have one or more direct or indirect interests in the Company's decisions or activity to be stakeholders. FHI thus identified several categories of stakeholders:

<b>Players</b>	Individuals, teams, communities
<b>Employees</b>	Employees, interns, service providers, Social and Economic Committee (CSE)
<b>Investors and shareholders</b>	Shareholders, investors, banks, rating agencies
<b>Partners</b>	Development studios
<b>Suppliers and subcontractors</b>	Suppliers of computing equipment, software, services and other goods
<b>Government, public agencies</b>	Certification agencies, standards agencies, professional associations, CNC (National Centre for Cinema), media
<b>Local communities</b>	Local associations, schools

To determine which were the most important stakeholders to interview, FHI implemented an approach based on two criteria:

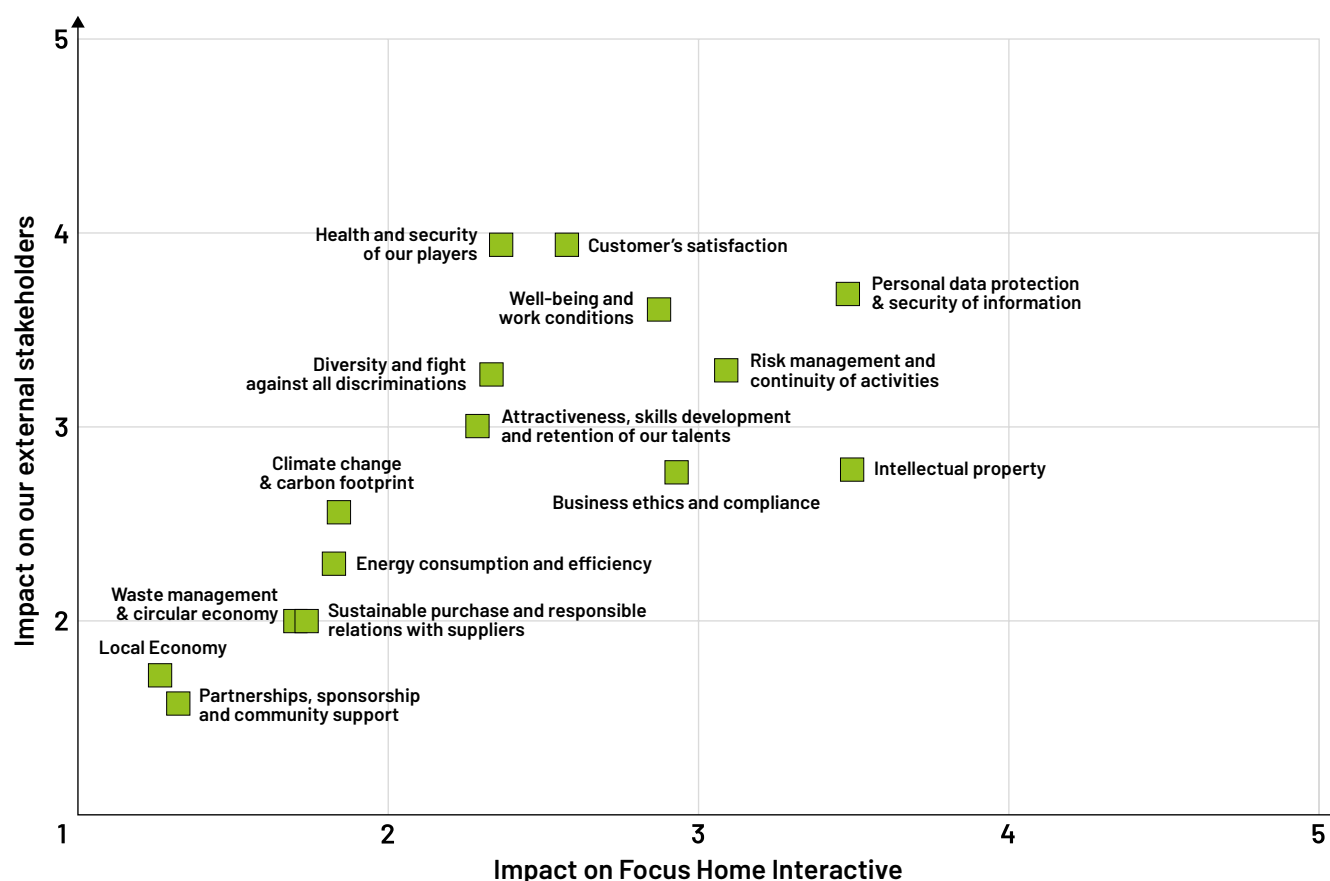
- The importance of FHI's impact on the stakeholder and the influence of that stakeholder on FHI
- The level of the relationship between FHI and the stakeholder

Following this analysis, FHI interviewed its stakeholders on the importance and the relevancy of its non-financial issues in order to build a materiality analysis. This materiality analysis was an opportunity to understand the expectations of FHI's internal and external stakeholders and to initiate a dialogue on the subject of CSR with them. FHI aims to repeat this initiative in the future by developing a sustainable relationship and an ongoing dialogue with these stakeholders. These discussions will help FHI to better understand the challenges and expectations of its stakeholders and to share information about its CSR strategy.

## Our materiality matrix, the foundation of our CSR strategy

In order to define its CSR strategy, FHI carried out an initial materiality analysis to define and prioritise its CSR issues. This analysis was used to identify the most concrete issues and prioritise its CSR actions while taking into account the expectations of its shareholders.

Through our materiality analysis, we compared our internal vision of the importance of non-financial issues with the expectations of our external shareholders. This allowed us to select our main non-financial issues involving financial, regulatory, reputational, and business continuity risks. The results of this materiality analysis are presented below:



Following this materiality analysis, FHI decided to focus its CSR strategy on the concrete issues that have the strongest impact for the company and its stakeholders. This allowed us to identify nine strategic issues:

1. Player satisfaction and competitiveness;
2. Player health and safety;
3. Diversity and the fight against discrimination;
4. Protection of personal information and data security;
5. Intellectual property;
6. Risk management, business continuity, and business ethics;
7. Working conditions and well-being at work;
8. Attractiveness, employee retention and career development;
9. Climate change and carbon footprint.

While carrying out this materiality analysis, it should be noted that FHI also conducted an identification of risks in its report from the Management Board. The risks and uncertainties faced by the Company include non-financial aspects.

## Our CSR strategy

As a result of our discussions with our stakeholders and in the co-construction with our teams, in 2020-21, FHI launched a CSR strategy founded on three pillars of commitment:

- Be a publisher of entertaining video games that are safe and respectful of our players;
- Be an attractive and responsible employer
- Be a company that is committed to the environment and society

We describe these different pillars in detail in this report, specifying our actions undertaken for each of them as well as the action plans deployed starting in 2021.

### CSR governance at FHI

Each level of the Company is involved in the CSR strategy. Our CSR strategy is overseen by a dedicated person within FHI, reporting to the Secretary General, to provide a cross-functional vision of the strategy.

In line with its involvement in developing the strategy initiated in early 2020, the Executive Committee plays a major role in the implementation and the decision-making involved with the Group's CSR strategy.

The Supervisory Board is also a stakeholder, monitoring the proper application of the CSR strategy within the Company.

### Our main key performance indicators (KPI)

In 2020-21, FHI set out a strategy for each of its material issues in order to define a roadmap for the upcoming years. This long-term commitment is supported by the Company's General Management and is measured through the use of the indicators mentioned below.

- Satisfaction survey:  
Quality of working life/working environment/recommendations;
- Gender equality index;
- M/F turnover rate;
- Carbon footprint by revenue and employee.

Satisfaction with quality of life at work satisfaction (%)	94
Satisfaction with the working environment (%)	91
FHI recommendation (%)	89
Professional equality index (out of 100)	84
Turnover rate (%)	11.5
Carbon intensity per employee (t CO2 eq / employee)	20.39
Carbon intensity per revenue (kg CO2 eq / €k)	19.42

Shown below are indicators deriving from actions recently initiated or not yet implemented that we will be able to monitor starting from the next financial year:

- % of employees who received awareness training in business ethics;
- % of employees and internal studios who received awareness training in environmental protection;
- Average number of hours of training per employee.

In addition to its CSR strategy, FHI carries out non-financial reporting that will be able to provide more information on its non-financial performance and thereby provide greater visibility to its stakeholders on the subject. FHI will monitor the Gaïa ratings and Vigéo Eiris indexes to stay up to date on the progress of its commitments.

Years	2017	2018	2019
Gaïa rating	25	29	32

Years	2017	2018	2019
V.E rating	13	14	13



## PILLAR 1: BE A PUBLISHER OF ENTERTAINING VIDEO GAMES THAT ARE SAFE AND RESPECTFUL OF OUR PLAYERS

The video game sector is undergoing many changes, such as the growth in digital games, the increase in online communities and even the development of new pay-to-win models.

Faced with these challenges, FHI's goal is to guarantee a high-quality gaming experience that is respectful of its players while promoting their safety, well-being and accessibility to games.

The satisfaction of our players, their health and safety and the protection of their personal data are the Company's top priority, which is why FHI commits to:

- Increase the quality of games and guarantee a satisfactory gaming experience
- Provide a gaming environment that promotes the health and safety of players
- Provide game models that are respectful of players
- Ensure accessibility to its games
- Increase diversity of all kinds in its games

Action plans were approved in 2021 to respond to these long-term commitments. Prior to implementing these action plans, FHI already had many actions in progress on these issues

### 1.1. Develop high-quality games and ensure a satisfactory and respectful gaming experience

#### 1.1.1. Publish high-quality games

FHI's editorial line has been renowned for many years already, due to its innovative concepts, alternative gameplay and original worlds that have met with acclaim from critics and players. With 20 years of experience, the teams use their passion and know-how to further their creativity, with special attention paid to quality.

The games released in 2020 demonstrate FHI's signature eclecticism/ *Shady Part of Me* explores poetry and the imaginary in a platform game, *Snowrunner* invites players to travel through vast regions at the helm of a number of vehicles, and *Curse of the Dead Gods* plunges players into the heart of lost Mayan cities. Likewise, the games *Othercide*, *Necromunda: Underhive Wars* and *Insurgency: Sandstorm* stand out from mainstream offerings by providing unique experiences to players worldwide.

Furthermore, Metacritic, an industry standard in game ratings, ranked FHI 15<sup>th</sup> out of 48 in its Game Publisher Rankings for 2020 releases<sup>(2)</sup>.

#### Recognition of our games

*Shady Part of Me* received the Pégase award for best 1<sup>st</sup> video game and was a finalist at the **Independent games festival** in two categories: **Excellence in Visual Art** and **Excellence in Design**.

Two FHI games were present at the **Dreamies Awards**<sup>(3)</sup>: *Hardspace Shipbreaker* was nominated in the best **early access** category, which recognises the hard work done by the teams, and *Snowrunner* was nominated in the **best transportation game** category.

*Hardspace Shipbreaker* was nominated in no fewer than six categories at the **Canadian Game Awards**<sup>(4)</sup> (Best Score/Soundtrack, Best Audio Design, Best PC Game, Fans Choice Award, Game of the Year, Best Game Design), winning two awards, in the categories Fans Choice Award & Best Game Design.

**Number of prizes and nominations received in 2020:**



#### 1.1.2. Publish games that respect consumers

It is important for us to dialogue with our players throughout the life of a game. We take their opinions into account during game development, starting with test phases involving a panel of players. Our presence on social media and our website also help us answer players' questions and gather their feedback after a game is released.

We also updated our website in 2021 to provide our players with more clarity.

#### A gaming environment that is respectful of the players

FHI has always paid great attention to ensuring its gaming environment is fair for its players. We ensure that our business model does not interfere with our players' enjoyment and satisfaction, and does not imbalance the gaming experience. We also consider it important to be transparent for our players with regard to the commitments and tools that are used to monitor their experience.

<sup>(2)</sup> <https://www.metacritic.com/feature/2021-game-publisher-rankings-summary-table>

<sup>(3)</sup> <https://dreamhack.com/dreamies/>

<sup>(4)</sup> <https://cgameawards.ca/announcing-the-winners-of-the-2021-canadian-game-awards/>

## 1.2. Provide a gaming environment that promotes the health and safety of players

### 1.2.1. Ensuring the health and safety of our online players

#### Reducing toxic behaviour

In order to provide a gaming environment that is enjoyable and safe for all players, it is essential to protect and moderate the players in our games. To fight against toxic or discriminatory behaviour and harassment, we implemented a behavioural protection system in our games, with several aims:

- Protecting the young players: we limit online access for minors so they cannot access online content if their account is subject to parental control. This can involve preventing access to the multiplayer mode and content generated by other users, and blocking access to voice and/or text chatting, etc.
- Ensuring healthy behaviour among players: we implement tools to prevent toxic behaviour,

such as the parental filter on text chat or UGS (User Generated Content), used to prevent the writing or sharing of insults. Players can also block other players to avoid hearing them on voice chat.

- Moderation of game activities: a reporting system allows players to report toxic behaviour of certain players based on certain criteria. Community managers and developers can take appropriate action, ranging from a warning to temporary banishment or definitive removal of the account.

More generally, we take steps to ensure that the discussions on our official communication channels (Twitter, LinkedIn, Facebook, etc.) are conducted in a respectful manner.

#### Protect and raise awareness with all player groups

In order to protect the most sensitive members of the public, national and international agencies evaluate games in order to recommend, in the simplest manner, a minimum age for playing a game. This information is displayed in all communications regarding the game (such as in the trailer) and on the game boxes sold in shops or online. This allows parents or consumers to quickly understand the contents of a title and be informed prior to making a purchase, with full transparency.

Here are several of the main advisory bodies:

- ESRB (Entertainment Software Rating Board) for distribution in North America
- PEGI (Pan European Game Information) in Europe
- ACB (Australian Classification Board) in Australia
- OFLC (Office of Film and Literature Classification) in New Zealand

- USK (Unterhaltungssoftware Selbstkontrolle; in English: "Entertainment Software Self-Regulation") for Germany
- CERO (Computer Entertainment Rating Organization) for Japan
- GRAC (Game Rating Administration Committee) for Korea.

In addition to these age-based classifications, we display infographics explaining the type of game and contents that our players may encounter and also to inform parents<sup>(5)</sup>.

More generally, through its involvement with the Syndicat des Editeurs de Logiciels de Loisirs (SELL), FHI supports actions to raise awareness and promote best practices in video games. eIFHI in particular disseminated the latest SELL awareness campaign - #Avousdejouer - whose objective was to provide information about parental control systems.

### 1.2.2. Protect player's personal data

FHI considers the confidentiality and the protection of our players' data to be extremely important. The establishment of the General Data Protection Regulation (GDPR) was an opportunity to strengthen our commitments and our processes. It is crucial for FHI that our players have a full understanding of how we process and use their data. FHI devotes an entire section of its website to providing transparency and details on all the data that is collected and how this data is used<sup>(6)</sup>. Each player may request to have their data deleted from our databases using a dedicated email address.

In terms of governance, this subject is monitored and supervised by our Data Protection Delegate (DPD). This subject is supported by all members of the Executive

Committee and the managers of our human resources, marketing and production departments, who have been trained by an external expert.

At this meeting, some employees received awareness training on GDPR concepts, to understand the applicable legal framework of the GDPR and learn more about maintaining the Databases (implementation of a processing log, implementation of an IT charter, etc.).

An annual internal awareness training follow-up, with each manager, is planned in order to update our processing log.

Finally, we also put in place a crisis management system that is activated in the case of data breach, so that our players are alerted as soon as possible.

<sup>(5)</sup> <https://pegi.info/what-do-the-labels-mean>

<sup>(6)</sup> <https://www.focus-home.com/fr-fr/privacy-policy>

### 1.3. Be committed to accessibility and increase of diversity in our games

FHI would also like to share an egalitarian vision of our society through the universes and characters in its games. In this way, FHI aims to fight against stereotypes and transmit positive images about communities or minorities.

In the games we have released recently, FHI was already determined to portray diverse characters (for example non-typical female characters in the games **Shady Part of Me** and **Othercide** in 2020, or the success of the 2019 release **A Plague Tale: Innocence**). However, FHI is aware that there is still much work to be done in the fight against stereotypes and thus strives to represent players in all their diversity. Our teams work with this in mind, with the help of outside experts, to improve the representation of gender and diversity in our future games.

For several years now, our teams have worked to improve the accessibility of our games for individuals with disabilities. Our objective is to make our games as accessible as possible with the fewest hindrances so that each person can have the best possible gaming experience. Our teams have created a standard tool used in the development phase of our future games, enabling us to categorise the accessibility criteria that we can include in our games. In the future, our aim is to improve on these aspects, in connection with our partner studios.

We actively measure the progress we have made on the subjects of accessibility and diversity. However, we are thrilled to work with studios and partners who are interested in this subject and with whom we will set an even better example that will allow us to go further in future releases.

In **Othercide**, whose artistic design in black and white contains only one colour (red), **an optional mode for persons suffering from colour-blindness was put in place, to replace red with yellow.**

Depending on the game, **we make it possible to adjust the size of subtitles for visually impaired persons or to reassign the keys (joystick or keyboard) to be adaptable to some types of disabilities.**

## PILLAR 2: BE AN ATTRACTIVE AND RESPONSIBLE EMPLOYER

Aware of the rapid changes and the attractiveness of our sector, FHI hopes to attract its employees and earn their loyalty while guaranteeing a flexible, balanced and safe working environment. This also involves taking action against discrimination and ensuring diversity and inclusion within the Company. Working conditions and well-being at work: attractiveness, retention and professional development of workers, and diversity and the fight against

discrimination are priority issues for the Company, which is why FHI is committed to:

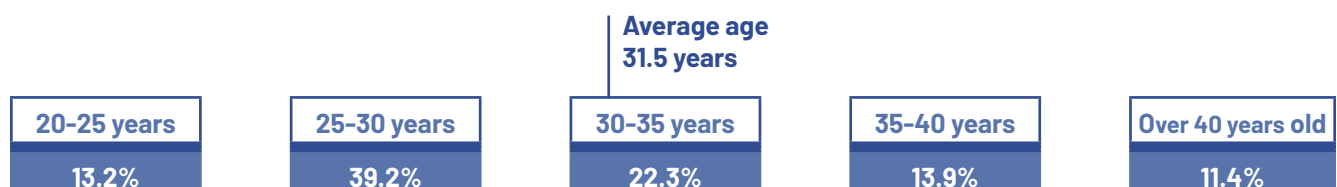
- Allowing its employees to receive regular training and develop their skills;
- Providing working conditions that encourage work-life balance;
- Promoting diversity, inclusiveness and equal opportunity

### 2.1. An attractive employer with strong growth<sup>(7)</sup>

The number of employees at FHI has been growing for several years. The workforce at the end of March 2021 was 146.4 employees. At the end of March 2020, it was 125 employees. This means that our workforce grew by 22% in just one year.



The video game industry is still relatively young, which explains the average age of our teams. This average age is 31.5, and 75% of our employees are younger than 35.



<sup>(7)</sup> The reporting period for the employee data covers the 2020-2021 financial year, from April to March

FHI has begun a key period in its development, which has impacted recruitment, with no fewer than 50 new arrivals, 38% of whom are women. With 17 departures and an average workforce of 146.4 employees, the turnover rate is 11.5% over the period.

	Men	Women
Number of hires	31	19
Number of departures	13	4

## 2.2. Enable our employees to grow and receive regular training

### 2.2.1. Developing our employees' skills, a key factor of our success

It is important for each employee to grow and blossom at FHI. This is why we implemented a training policy, which we plan to accentuate over the years. This is done through a training plan offered throughout the year: Focus University. This year, 28 employees received training (that is 27% of eligible employees), for a total of 57 hours of training. This corresponds to an average of two hours of training per employee trained.

### 2.2.2. Monitoring our employees' career progress and their loyalty

FHI considers it very important to ensure that its employees have all the tools that allow them to be the best equipped and the most independent in their work. This is why each manager conducts an interview with each member of their team, to learn about their job satisfaction and their difficulties with their tasks, their priorities, and their vision of their future in their job, as well as to ensure the balance between the employee's personal life and their work life meets their expectations. During the year, the annual evaluation was improved and automated through our HR tool, to facilitate monitoring. To date, 87% of our employees have had an annual interview.

In terms of remuneration, FHI hopes to accelerate the ability to retain employees over the long-term. FHI has given its managers access to a share purchasing program. FHI also plans to extend the share purchasing scheme to all its other employees in order to increase the loyalty of the teams by allowing them to become shareholders in the Group. An investment policy linked to Company earnings has also been in place for several years.

**3.7 years**  
AVERAGE  
SENIORITY

## 2.3. Guarantee working conditions that respect work-life balance

### 2.3.1. Improve quality of life and promote flexibility in working conditions

As an employer, FHI pays great care to ensure that each employee feels at home with the Company. This is why flexibility in the starting and ending times of each workday has been implemented and documented in the internal regulations so that each employee can adapt their work time with their personal constraints (transportation, schedules, family).

As with all other companies, the COVID-19 health crisis required us to change the way our work is organised. While our teams were able to brilliantly adapt during this crisis, it also became apparent that a full teleworking solution was not an optimal solution for everyone. In fact, the importance of maintaining the social ties between employees and teams, which is key at FHI, has revealed itself to be essential. FHI's flexibility allowed us to maintain a balance between teleworking and presence in the office, while guaranteeing the safety of the teams.

In connection with the Social and Economic Committee, various activities are proposed throughout the year (time slot rental of sports centres, participation in inter-company esports). These essential actions allow teams to get together and/or become acquainted with each other and thereby improve the quality of life. The Social and Economic Committee regularly offers employees fruit baskets, ice cream during the summer, and chocolate fountains.

FHI also hosts the Company Christmas party every year, which is a high point of the year for our employees, with a raffle that is greatly appreciated by all.

Our first internal employee survey<sup>(8)</sup> highlighted several positive aspects of the quality of working life at FHI. Employees were interviewed anonymously at the end of 2020 by an external firm, to assess the level of satisfaction on a number of matters related to FHI's operations: communication, company strategy and vision, skills, and career path and finally general satisfaction and employee engagement.

The results of this survey showed that 94% of the teams consider the quality of working life at FHI satisfactory or very satisfactory<sup>(9)</sup>.

91% of the teams consider that there is a good working atmosphere at FHI and 98% consider that this is the case within their team.

Finally, 89% of employees would recommend working at FHI.

These figures reflect the working environment that we try to create for our teams. Obviously the results were not all positive, but they provide a working base to help maintain the positive aspects and bring awareness of areas for improvement, in particular, the strengthening of internal communication and training actions.

<sup>(8)</sup> 85% of our employees responded to this anonymous internal survey.

<sup>(9)</sup> Score higher than 6/10.

### 2.3.2. Preserve the health and safety of our employees

Providing a peaceful working environment means fighting against all forms of harmful behaviour in the workplace (harassment, burn-out, etc.). Concerning the fight against sexual harassment and sexist acts, a hotline was put in place by the Social and Economic Committee to allow anonymous reporting of any inappropriate behaviour or comments.

Absenteeism, illnesses and occupational accidents	
Rate of absenteeism for illness and occupational accidents	2%
Number of occupational accidents	0
Number of occupational illnesses	0
Frequency rate of occupational accidents with a medical leave of absence	0%
Severity rate of occupational accidents with a medical leave of absence	0%

At the end of March 2021, we note that no occupational accident had occurred. The rate of absenteeism for illness or occupational accident reached 2%. This was helped in part by the extensive use of teleworking during the year, and the measures taken to protect our employees in our offices to deal with the COVID-19 pandemic.

#### Management of the COVID-19 situation

FHI followed the recommendations and obligations of the government in terms of telework, and afterward, for persons who could not continue to telework or who wished to return to the office, measures were taken to make office life as peaceful as possible. Daily disinfection by our cleaning team, distribution of masks, availability of hand sanitizer at each entrance and the establishment of capacity limits allowed our teams to return to work in the best possible conditions.

### 2.3.3. Employee dialogue within FHI

Good collaboration between the teams and discussion with management is a key to promoting interconnectedness at work. We conducted our first internal survey<sup>(10)</sup> with in mind. The results highlighted the need for better communication between the teams. This led to the creation of a position dedicated to internal communication. To give a formal structure to our internal communication, we created a space for discussion, via an online meeting with the Chairman of the Management Board and the Deputy Managing Director. They present the latest projects and news information from the Company to all teams and answer questions from employees.

All our employees are represented by the Social and Economic Committee (CSE). The Focus CSE and management meets every two months to foster an ongoing dialogue on changes in the Company, the expectations of employees and the overall functioning of the Company. In 2015 and 2017, employee representatives and management signed two collective agreements, one on investment and second on the organisation of work.

The CSE put in place a dedicated channel on the Company network allowing simple dialogue with the teams and clear and transparent information sharing.

## 2.4. Be committed to a diversity of profiles, inclusiveness and equal opportunity

### 2.4.1. Promoting equality between men and women at work

The issue of the feminisation of video games is one of the pillars on FHI has been working on for several years. 31% of FHI's employees are women. This is an encouraging figure and we hope to improve on it, in particular for positions linked to production. Concerning management positions, we count 27% female managers in this period<sup>(10)</sup>.

The gender equality index, which FHI is required to publish, stands at 84/100. In our case, this is based on four major criteria: the difference in remuneration between women and men, the difference in the breakdown of individual raises, the number of women employees who received raises upon their return from maternity leave and the parity among the 10 highest salaries<sup>(12)</sup>.

### 2.4.2. Promoting all other forms of diversity

FHI is a company with a quality of life in which each difference is seen as a force that strengthens the personalities of our teams. We are doing everything we can to ensure that each person feels at ease in the working environment, regardless of their age, culture or orientations.

There is however a point on which FHI is not exemplary, and that is in welcoming individuals with disabilities. Starting from the next financial year, we would like to investigate this subject and improve on it so that our words are equal to our ambitions. Today, our action toward persons with disabilities consists in working with subcontractors from the French Support and Work Assistance Establishment (ESAT) or Adapted Enterprises (EA)<sup>(13)</sup>.

<sup>(10)</sup> Management positions concern employees managing at least one other employee.



## PILLAR 3: BE A PUBLISHER THAT IS COMMITTED TO THE ENVIRONMENT AND SOCIETY

At the centre of an ecosystem of players and development studios, and due to the nature of its activity, FHI hopes to develop its role as a responsible partner while remaining vigilant over the practices of its value chain. Moreover, the impact of the digital sector on the environment further increases our desire to limit our impact. This involves managing our waste and our energy consumption while raising the awareness of our employees and our studios. The Company is also committed to social and solidarity initiatives that benefit its local communities. FHI thus is committed to:

- Increasing vigilance over its value chain;
- Allowing employees to report practices that are contrary to business ethics and to be trained on the subject;
- Guaranteeing remuneration to the creators;
- Guaranteeing and providing information on personal data protection;
- Raising awareness of employees and studios on climate change;
- Fighting against climate change and contributing to carbon neutrality;
- Supporting initiatives in favour of diversity, inclusion, and local communities.

### 3.1. Increasing vigilance and sustainable relations over our value chain

As a publisher, FHI's activity is based on contractual partnerships with many studios in order to support game development. These partnerships are based on trust and FHI strives to treat its partners in a fair and respectful manner. FHI, in line with the standards of the International Labour Organization (ILO) and the 10 principles of the United Nations Global Compact, adheres to the principles of human rights, condemns child labour and forced labour and respects the liberty of association and the right to collective bargaining.

We make sure that our partners, in particular the studios, also comply with these principles. To do so, we include in our contracts a corporate social responsibility (CSR) clause that guarantees that our partner studios and their value chain are in compliance with all of the applicable rules in Europe and the United States concerning child labour, human rights, respect for working hours, standards on health and safety in the workplace,

disciplinary measures, minimum income, environmental protection, and waste recycling.

FHI does not have a specific responsible purchasing policy, though we are working on several actions. Concerning our purchases of general services, we include environmental and social criteria whenever possible. This means that when consulting new service providers, we study the proposals of entities that are part of the Social and Solidarity Economy (SSE). We have thus entered into contracts with two ESATs for caring for the plants in our offices and for collecting a portion of our waste. We work on an as-needed basis for the collection of bulky waste and Waste Electronic and Electrical Equipment (WEEE) with an ESAT and an Integration Enterprise (IE).

In total for this financial year, we made €25,880 in purchases from its players in the SSE, which breaks down into three ESATs and one IE.

### 3.2. Promoting business ethics and data security in our activities

#### Respect for national regulations

FHI complies with national and European laws, in particular those relating to the GDPR, the rules laid down by the French data protection authority (CNIL) and in general everything concerning the confidentiality of the data of our players and employees and the protection of their personal data. As we distribute games throughout the world, we strive to comply with applicable local regulations governing marketing and the display of required age (Age Rating), according to the content of games (playing time limited for minors in some countries).

#### Compliance with the rules of our code of ethics

For the upcoming financial year, we are planning to put in place a code of ethics. The purpose of such a code is to commit to actions to prevent corruption and the fight, at all levels of the supply chain and the flow of our products, against bad business practices (money laundering, tax evasion, fraud). We will provide details on this in the next report.

#### Allowing our employees to be trained and alert

Since the end of the previous financial period, we have been working to establish an alert hotline, whose aim is to protect and allow the launching of alerts for any possible illicit practice that might occur in the Company.

A digital platform for hosting and anonymous processing of alerts through a portal and online conversation will soon be available. It will send secure and confidential notifications to a dedicated contact person, who will have the ability to process the information. This system will be fully operational in 2021.

As we roll out the code of ethics and the alert system, we hope to train our employees so that they fully understand these issues and may properly use these tools. These training courses should cover business ethics and the protection of personal data.

<sup>(12)</sup> The difference in the breakdown of promotions is only accounted for in companies that have more than 250 employees.

<sup>(13)</sup> See 4.1. Develop vigilance and sustainable relationships throughout our value chain.

### 3.3. Fight against climate change and contribution to carbon neutrality

The digital sector is responsible for 4% of greenhouse gas emissions worldwide<sup>(14)</sup> and therefore plays a major role in the fight against climate change. FHI is committed to reducing its impact on the environment in regard to its waste and its energy consumption while internally raising the awareness of its employees. Climate change and carbon footprint are priority issues for the Company.

#### 3.3.1. FHI's carbon footprint

This year marks the first assessment of Focus's carbon footprint using the Bilan Carbone® methodology. This study of greenhouse gas (GHG) emissions linked to FHI's activity in 2019 has identified the main sources of emissions and helped to establish an action plan to reduce or offset its emissions. The scope of our Bilan Carbone® covers the following:

**Scope 1:** direct emissions generated by the resources of the structure using fossil fuels.

**Scope 2:** indirect emissions linked to the purchase or production of electricity, heat and steam.

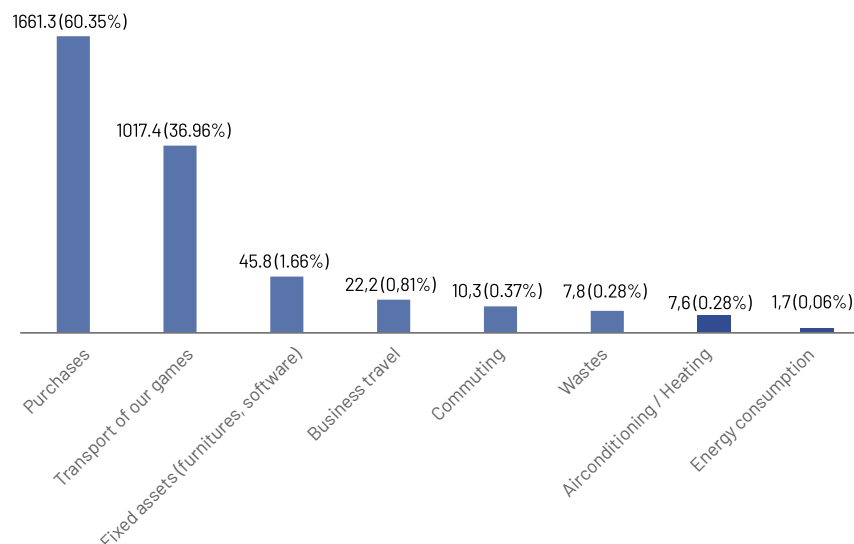
**Scope 3, other than products<sup>(15)</sup>:** this is a more complete report that includes all other indirect emissions, including those upstream and downstream of the activity itself (transport of video games throughout the world, professional travel and home working, purchases of goods and services, waste treatment, etc.).

#### Breakdown of CO2 emissions by scope (in t CO2 eq) – Products portion excluded



The total value of our emissions will obviously be important to monitor in the future. The growth of our Company will most likely lead to an increase in our emissions. This requires monitoring of other indicators (such as carbon intensity per employee, and intensity per thousand euros of revenue) which is used to evaluate the improvement and the impact of our efforts in the domain.

#### Breakdown of CO2 emissions per position, in tonnes of CO2 equivalent (t CO2 eq) – Products portion excluded



Our emissions for the year 2019 reached 2,774 t CO2 eq. This represents a carbon intensity of 20.39 t CO2 eq per employee and a carbon intensity of 19.42 kg CO2 eq per thousand euros of revenue.

<sup>(14)</sup> Source: Environmental footprint of the digital world, Green IT, September 2019. <sup>(15)</sup> We have calculated all of our emissions, but we have excluded data relating to the manufacturing of games and their use by our players. We provide the details here: 5.2 Reporting scope.

### Purchases

Focus' purchases represent the largest share of its emissions, up to 60% for 1,661.3 t CO<sub>2</sub> eq. All expenses linked to the marketing of our games as well as those of our suppliers and our subcontractors are included in this category.

### Transport of our games

This part concerns the transport of our games from the manufacturing sites to our storage sites, then from the storage sites to the distribution shops. Our games are distributed throughout the world, and this constitutes our second largest source of emissions since it represents 36.96% of our emissions. For several years now, when the conditions allow, our teams reflect on the most optimised solutions for transport, seeking new storage points closer to our distribution centres. In general, each year, the increasing digitalisation of sales of our games compared with our sales in boxes reduces our emissions from transport.

### Energy consumption in buildings

FHI's headquarters is established into multi-tenant buildings. One of the two buildings has been restored in accordance with the High Quality Environmental standard (HQE). This involves more reduction in our energy consumption.

In our 2019 Bilan Carbon® (carbon footprint) data collection period, 79% of our electricity was of renewable origin. In 2020, however, all of the electricity we consumed came from renewable sources, for which we have guaranteed origin certificates. One of our electricity suppliers is moreover a player in the Social and Solidarity Economy (Planète Oui).

Energy data <sup>(16)</sup>	2018	2019	2020
Energy consumption (kWh)	158,403	147,268	184,044 <sup>(17)</sup>
Energy consumption per worker	1,265	1,156	1,248
Share of renewable energy consumed	-	79%	100%
Heat consumption (kWh)	47,968	46,423	25,985
Water consumption (m <sup>3</sup> )	689	618	411

The reduction of our consumption highlights the collective effort initiated by our lessor, Icade, to which we subscribe. The lights in our offices, the taps, and the

air conditioning, are managed by a presence detection system that is able to limit non-useful energy losses.

### Business travel: indicators, policy and actions

FHI works with partner studios throughout the world, and travel is obligatory. In the wake of the COVID-19 pandemic, FHI adopted a video conferencing system that facilitates communication regardless of our inability to meet with our partners far away. We have no formal rules or travel policy concerning the type of transportation used for business travel. However, for trips to visit our French, British or German partners, travel by train is always preferred <sup>(18)</sup>.

In km	2019
Distance travelled by air for business travel	72,730
Distance travelled by rail for business travel	40,300

### Commuting

In 2019, most of our employees used public transport (90%) and only 6% used an automobile or a motorcycle for transportation to work. The remainder of employees commuted on foot or by bicycle. The issue for us is thus not strategic, but remains significant since it is a daily consideration for our teams. Promoting low impact mobility intersects with questions of safety (commuting accidents) and health (benefits of bicycling and walking). It is for these reasons that we have joined the thinking of our lessor Icade as part of a mobility plan. Icade, for example, has asked to install a parking area for electrical bicycles and is currently looking into building a locker room/shower room for employees who wish to use these modes of transportation.

### Future actions

An action plan is being established to improve our carbon footprint. Among the actions envisioned to reduce our carbon footprint, we hope to continue our thinking on the storage areas for our games, on the organisation of remote meetings and on our efforts in recycling. Generally speaking, we hope for better awareness of our employees (concerning turning off their equipment for example). Finally, we envision joining a carbon offsetting programme for the emissions that we are unable to avoid.

## 3.3.2. Waste management at FHI

Waste management is very important for our Company. FHI has a sorting system in place in its offices, in a joint initiative with our lessor Icade, who is in charge of waste collection through its service provider.

### Office waste

To make sorting more efficient for our teams, FHI has replaced individual bins with sorting stations for voluntary contributions. The stations are located in strategic places to facilitate sorting. Five types of waste

are now collected in the offices: paper, glass, and non-hazardous industrial waste are handled by Véolia, a service provider chosen by our lessor. The collection of cans/bottles as well as batteries are directly managed

<sup>(16)</sup> The data concerning energy (water, electricity and waste) lack precision. The data provided by our lessor concern all of the multi-tenant buildings in which we are located. The data are therefore prorated according to the service area that we occupy. <sup>(17)</sup> We note an increase in the electricity consumption that is explained by several weeks of overlap between the old and new offices when we took new spaces during the year 2020. <sup>(18)</sup> Except for cases of strike, delayed departure, specific cases, etc.



by our service provider Le Petit Plus.

For the 2021-22 financial year, we hope to go even farther by enabling the collection of coffee grounds.

#### **Furniture and Waste from Electrical and Electronic Equipment (WEEE)**

Concerning furniture and obsolete computing equipment, first they are reassigned, when possible, for new uses. Then, for that which cannot be reused internally:

- For furniture, we offer it to neighbourhood associations. Next, we have it collected by companies that specialise in collection, recycling and upcycling. In 2020-21, we worked with the company Tricycle environnement, an Integration

Enterprise that is a player in the Social and Solidarity Economy.

- For WEEE, everything that cannot be reused and for computing equipment at end-of-life is removed by a service provider that specialises in the collection and reconditioning of equipment. Everything that contains data is destroyed for security reasons. Before being removed, when electrical equipment such as coffee machines or microwaves is still functional, it is offered to nearby associations or hospitals.

In 2020-21, we worked with the company Ecodair, an Integration Enterprise and player in the Social and Solidarity Economy.

### **3.3.3. Our employee awareness actions**

For several years already, the subject of environmental responsibility has been an issue of importance within FHI. This took concrete form with the creation of an employee group called Focus Green. The purpose of the group is to come up with initiatives to launch and share best practices within the offices and raise awareness within our teams. Focus Green is behind the initiatives to display information on waste sorting in the offices, eliminate plastic disposable bottles and cups in the offices and raise awareness through a newsletter. By means of an internal newsletter, Focus Green spreads messages for awareness and good practices to the other employees.

For the 2021/22 financial year, in addition to the work conducted by Focus Green, awareness on environmental protection should see the day among the employees.

### **3.4. Supporting initiatives for diversity, inclusion and local communities**

The Company is also involved in social and societal initiatives that benefit local communities and associations, mainly in the form of gifts. Each winter, during the holiday season, the operation "défis du cœur" (challenges of the heart) collects funds and food gifts from employees that FHI matches in a monetary gift.

For the second year in a row, FHI has supported the Jeu Vidéo scholarship, a project created by Loisirs Numériques, which provides financial and material assistance to students and give them access to the best videogame schools. The students who are selected can also receive help from video game professionals in their course of studies.

In line with its commitments to diversity in video gaming, FHI made the decision to join the Women in Games Association for the 2021-22 year. Our reason for joining this association is to accentuate our commitments and implement specific actions on the role of women in video games.

## **METHODOLOGICAL NOTE/ABOUT THIS REPORT**

From implementation of our CSR strategy to the publication of this report, we have been assisted by a firm called Tennaxia that specialises in CSR. They began helping us in 2020 and their role lasted until mid-2021. They also assisted us in carrying out our Bilan Carbone®. We wish to send them our sincere thanks for helping us accomplish this strategic action that will be so important for FHI in the coming years.

### **4.1. Description of FHI's non-financial reporting**

The indicators included in our reporting protocol and published in this report come from several workshops in which several managers of different FHI departments (Production, Marketing, Human Resources, Legal and IT) participated. These indicators were then sorted into two categories: key performance indicators for the most important and monitoring indicators for the less strategic ones.

#### **4.1.1. Reporting scope**

The reporting scope concerns the entity FHI. Focus Home Interactive is based on a site in France. Deck 13, which joined the Group in the year 2020, is not part of the data consolidation.

#### **4.1.2. Reporting period**

Nearly all of the data from our reporting were generated over the financial period from 1 April 2020 to 30 March 2021. Only the Bilan Carbone® took place in the 2019 calendar year.

### 4.1.3. Reporting process

The data collection was centralised by Focus' CSR manager in cooperation with the departments concerned.

Among the tools used for the data collection, we are using data extracted from our Human Resources Information System tool. A reporting protocol was also created in which the list of CSR indicators as well as the definitions, the calculation methods, the scope and the sources of data are specified. It serves as a reference for the collection and consolidation of data.

## 4.2. Indicator methodology

The ratio of men and women is calculated using the real workforce at 31 March 2021. The data collection was centralised by Focus' CSR manager in cooperation with the departments concerned.

### 4.2.1. Environmental indicators

For the Bilan Carbone®, only the Scope 1 (direct emissions generated by the resources of the entity using fossil fuels) and Scope 2 (indirect emissions linked to purchasing or to the production of electricity, heat and steam) emissions were retained. Scope 3 is only partly retained, since it includes the transportation portion for the distribution of our games but excludes the portion

on the impact of playing time. A lack of visibility on the emissions linked to the manufacturing of games and too much uncertainty with regard to the emissions linked to the use by our players led us to exclude these results. For the Bilan Carbone® energy use data, the data from the two buildings of the Parisian headquarters have been taken into account.

### 4.2.2. Employee indicators

#### Total workforce

The total workforce includes all workers registered at the end of the period in permanent positions (CDI) and fixed-term positions (CDD), both full-time and part-time. Employees on parental leave, maternity/paternity leave, or sabbatical leave are also included. Interns, subcontractors, temporary workers, independent workers and occasional workers are not included.

#### Number of hires, departures, and turnover rate

- The number of hires corresponds to the recruitment of employees in full-time positions, fixed-term positions and recruitment of employees in internships or apprenticeships. Renewals of fixed-term positions are not considered hires.
- The number of departures corresponds to the following types of departures:
  - Employee-initiated departures: end of contract (resignation, retirement);
  - Employer-initiated departures (individual dismissal, economic redundancy);
  - Departures by mutual agreement: contractual termination;
  - Departures at end of contract: end of fixed-term contract, end of professional training contract;
  - Departures for other causes: death.
- The turnover rate is used to understand the rate linked to departures compared with the overall workforce of the Company during the reporting year.

#### Rate of absenteeism due to sickness and occupational accidents

Absences taken into account in this indicator are the following:

- absences due to illness and occupational illness;

- absences due to occupational accidents;
- other absences: without real constraining cause.

Maternal/paternal leave, family events, labour strikes or training leave are not included in the calculation.

#### Number of occupational accidents

Accidents considered here are accidents that occur at the workplace (occupational accident) or during travel from or to a place of work or to a work destination (travel accident). Accidents that occur while commuting, between residence and workplace, are also taken into account. The accident may involve death and may or may not involve a medical leave of absence.

#### Frequency rate of occupational accidents with a medical leave of absence

The rate measuring the degree of employee risk exposure, eliminating the effect of change in duration of work and number of employees.

#### Severity rate of occupational accidents with a medical leave of absence

The severity rate aims to express the severity of accidents according to the duration of the medical leave of absence

#### Satisfaction survey: Quality of working life/working atmosphere/recommendations

The survey questions give a choice between five different responses: "totally disagree", "somewhat disagree", and "somewhat agree", "totally agree", and "no opinion". The sum of responses "somewhat agree" and "totally agree" is considered a positive opinion and the sum of responses "totally disagree" and "somewhat disagree" is considered a negative opinion.

#### Percentage of female managers

Management positions concern employees who manage at least one other employee.



**FOCUS HOME INTERACTIVE**

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